

For IOM VAT Notes: http://www.gov.im/treasury/customs/notices/vat_notes.xml

For HMRC VAT Notes: <http://www.hmrc.gov.uk/vat/forms-rates/guidance-news.htm>

Payment of VAT by electronic means

Traders who pay their VAT liability electronically (e.g. BACS, CHAPS or Bank Giro Credit Transfer) are reminded that they have an extra 7 calendar days to submit their return and payment.

Please ensure that your payment instruction is made in sufficient time to credit our bank account on or before the 7th calendar day, allowing for weekends and bank holidays. For example, if the 7th calendar day falls on a Sunday, you should ensure that your instruction has been placed with your bank in sufficient time to credit our account by the 5th 'working' day. Also please remember to quote your VAT number as a reference for the payment, so that it can be correctly allocated to your VAT account.

Any payments received after the 7th calendar day are late payments and may be subject to default surcharge.

For further advice and guidance please contact our Debt Management Unit on 648160. A Notice entitled 'Electronic Payments' is also available on our website at <http://www.gov.im/treasury/customs/notices/>

VAT registration

Trader's who are intending to submit an application form to register for VAT, are reminded to use the latest version of the application form VAT 1 MAN. This can be found on the IOM Customs and Excise website www.gov.im/customs under the heading "registering for VAT".

In addition, those traders who are registering for VAT and whose business activities include those of yacht ownership and chartering, should also complete and submit the new form REG 4 MAN with their application.

Online submission of VAT returns

In the UK from April 2010, traders with an annual turnover of £100,000 or more will have to submit their VAT returns online and pay their VAT electronically. Although we encourage the use of online services, this is not compulsory in the Isle of Man.

Failure to Notify Penalties and Wrongdoing Penalties

From the 1 April 2010, new penalties have been introduced for persons who fail to notify Customs and Excise of their requirement to be registered and charge VAT, and for people who charge VAT when they are not permitted to do so. Further details with regard to both these penalty areas can be found on the HMRC website at www.hmrc.gov.uk

Excise Movement Control System

On 1 April 2010 a new computer system comes into use for movements of excise goods around Europe, replacing the current paper Administrative Accompanying Document (AAD) system. The Excise Movement Control System (EMCS) will be used to control the movement of goods liable to excise duty (such as alcoholic beverages, tobacco products and mineral oils) between Member States of the European Union and between premises which hold such goods under duty suspension. Businesses involved in the movement of excise goods will be required to register with Customs and Excise. Further details may be obtained from the Advice Centre on 648140 or by visiting the website <http://www.gov.im/treasury/customs/ViewNews.gov?menuid=&page=lib/news/treasury/customs/excisemovementco.xml>

Isle of Man Customs & Excise Contact Details

General Enquiries	648100
Anti Smuggling Line	648110
VAT Registration	648120
VAT Advice Centre	648130
Excise/Customs Advice Centre	648140
VAT Deregistration	648150
Debt Management	648160
VAT Visiting Teams	648170
Fax Line only	661725

Please dial direct

Isle of Man Customs & Excise postal address is:

PO Box 6, Custom House
North Quay, Douglas
Isle of Man, IM99 1AG

Isle of Man Customs & Excise e-mail address is: customs@gov.im. Isle of Man Customs & Excise web page address is: www.gov.im/treasury/customs



Isle of Man Customs & Excise

VAT Notes

Items of general interest to Isle of Man Traders No 1 of 2010/2011 included:-

- Major changes to VAT from 1 January 2010
- Compliance checks fact sheets
- Changes to the time limits for assessments of VAT and duties and claims for refunds
- Online VAT Services - VAT Notes Online
- Payment of VAT by electronic means
- VAT registration
- Online submission of VAT returns
- Failure to notify penalties and wrongdoing penalties
- Excise Movement Control System

A Division of the Isle of Man Treasury

Major changes to VAT from 1 January 2010

Increase in the standard VAT rate

The standard rate of VAT was temporarily reduced to 15 per cent on 1 December 2008 and it will return to 17.5 per cent on 1 January 2010.

For any sales of standard-rated goods or services that you make on or after 1 January 2010 you must charge VAT at the rate of 17.5 per cent. If you have a cash business and calculate your VAT using the VAT fraction you must refer to VAT fraction of seven forty-sevenths from 1 January 2010.

If you apply fuel scale charges or operate a special VAT scheme, e.g. cash accounting or flat rate scheme, you will also be affected.

At the present time, for more information see <http://www.hmrc.gov.uk/> or contact our Advice Centre on 648130.

There will also be major changes to the VAT rules for businesses who:

- supply services to or receive services from overseas businesses
- supply goods to other EC countries
- reclaim VAT incurred in another EC country.

These changes affect **where**, **how** and **when** VAT is accounted for.

Place of supply of services

The place of supply of services rules are changing. In particular the general rule for business-to-business transactions will be that VAT needs to be accounted for where the customer is located. The general rule for business-to-customer transactions will remain that VAT is accounted for where the supplier is established. As now, there will be some exceptions to the general rules.

EC Sales List (ESL) for services

UK and Isle of Man VAT registered businesses that supply services to VAT registered businesses in other EU countries, where the place of supply is the customer's country, will have to complete ESLs for each calendar quarter and submit these within 14 days for paper returns and 21 days for electronic returns.

This means you will need to start collecting your customers'

VAT Registration Numbers now. For more information see <http://www.hmrc.gov.uk/VAT/ec-sales-lists.pdf>

EC Sales Lists for goods

UK and Isle of Man VAT registered businesses that supply goods to other VAT registered businesses in other EU countries already submit ESLs. From 1 January 2010 new rules will:

- reduce the time available to submit ESLs in line with the limits above
- as an anti-fraud measure, require the monthly submission of ESLs where the value of the supplies of intra-Community goods (excluding VAT) exceeds £70,000 in the current quarter, or any of the previous four quarters. This threshold will be reduced to £35,000 (excluding VAT) with effect from 1 January 2012.

For more information see <http://www.hmrc.gov.uk/VAT/ec-sales-lists.pdf>

Intrastat thresholds

Revenue and Customs Brief 69/09 explains how businesses trading with other EU Member States could be affected by changes from 1 January 2010.

Changes in Intrastat thresholds from 1 January 2010

- The exemption threshold for arrivals is increased from £270,000 to £600,000
- The exemption threshold for dispatches is reduced from £270,000 to £250,000

For more information see <http://www.hmrc.gov.uk/briefs/brief6909.htm>

Important changes to the procedure for obtaining refunds of VAT paid in other EU Member States

A new electronic VAT refund procedure will be introduced across the EU for all claims submitted after 1 January 2010 to replace the current paper-based system. Businesses established in the UK/IOM will submit claims for VAT incurred in other EU countries on a standardised form through the UK Government Gateway, rather than direct to the Member State of Refund as at present. As a result there is no longer a need for the issue of VAT Certificate of Status (VAT 66).

Isle of Man traders will have to register to use the UK Government Gateway at <http://www.gateway.gov.uk/> In addition they will also have to notify Isle of Man Customs and Excise of their intention to make a claim so that their

VAT number and basic details can be entered onto the electronic system and we can supply the applicant with login details specifically for Isle of Man traders.

Further details on how the system will operate can be found at the following web address <http://www.hmrc.gov.uk/vat/refund-procedure.pdf>

Compliance checks fact sheets

Isle of Man Customs & Excise offices visit businesses to ensure indirect taxes and duties are being accounted for correctly, to verify trade statistics and to ensure compliance with the law relating to the assigned matters for which Customs has an enforcement role. These are called compliance checks.

A number of fact sheets are now available on the Division's web site at: <http://www.gov.im/treasury/customs/notices/visits.xml>

The fact sheets explain how visits are arranged and conducted. They also explain your rights and what happens when we find something wrong.

Changes to the time limits for assessments of VAT and duties and claims for refunds

From 1 April 2010 new time limits for assessments of both under paid and over paid VAT, customs duties and excise duties made by Customs and Excise come fully into operation.

Treasury will normally be able to assess back four years from the end of the relevant tax period, although the limit for deliberate errors will be twenty years. Claims for refund of over paid duty and VAT are also being increased to four years.

There will be a transitional period from 1 April 2009 to 31 March 2010. During this period assessments will not be made for periods ending before 1 April 2006, or for imports or acquisitions from Member States before that date, unless the twenty year time limit applies.

Online VAT Services - VAT Notes Online

Both IOM and HMRC VAT Notes can be viewed online, this includes historic ones. The addresses are: