

# Isle of Man Customs & Excise

## VAT Notes No. 4 of 2018/19

### Items of general interest to Isle of Man Traders

Included in this Issue:-

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#### **Brexit**

Isle of Man Customs and Excise have set up a Brexit area on the Gov.im website at <https://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/brexit/>

This site currently provides information for businesses who trade or are involved with trade with the EU, guidance on getting an EORI number to trade in the EU and useful Brexit related links. It is intended that the site will develop as Brexit progresses.

#### **Brexit – Technical Notices**

The UK Government is publishing a large number of documents, referred to as technical notices, which set out information to allow UK businesses and citizens to understand what they would need to do in a 'no-deal' scenario, so they can make informed plans and preparations.

Each notice is being carefully reviewed by the Cabinet Office and the relevant Isle of Man Government Department and a summary of the impact or relevance of each technical notice will be published on their website at <https://www.gov.im/about-the-government/departments/cabinet-office/brexit-what-next-for-the-isle-of-man/technical-notices/>

#### **VAT: changes to the supply of digital services 2019**

This measure will make 2 changes to the rules for businesses making sales of digital services to consumers across the EU.

1. Introduce a (sterling equivalent) €10,000 threshold for total supplies to the EU in a year of sales of digital services. This change means that businesses will only be subject to the VAT rules of their home country if their relevant sales across the EU in a year (and the preceding year) falls below this threshold. If the businesses total taxable turnover is below the UK VAT registration threshold they will be able to de-register from VAT. Businesses can continue to apply the current rules if they so choose.
2. Allow non-EU businesses, which are registered for VAT for other purposes, to use the Mini One Stop Shop (MOSS) scheme to account for VAT on sales of digital services to consumers in EU member states. This group are currently excluded from using MOSS – a business facilitation system.

The measure will have effect from 1 January 2019. Further detail may be found using the following links <https://www.gov.uk/government/publications/vat-changes-to-the-supply-of-digital-services-2019> and

### **Change to the VAT treatment of retained payments and deposits**

From 1 March 2019 VAT will be due on all payments for goods and services which customers pay for but fail to collect or use. [Revenue and Customs Brief 13 \(2018\)](#) on the HMRC website explains these changes in detail.

### **Making Tax Digital for VAT**

Isle of Man Customs & Excise has received a number of enquiries concerning HMRC's 'Making Tax Digital' plans and mandatory requirement to file electronically from 1 April 2019. The Regulations that introduce these rules will not be coming into operation on the Island until such time as we have the technology in place to accept VAT returns etc. on this basis. Therefore, if you are registered for VAT in the Isle of Man, you will not have to comply with the 'Making Tax Digital' requirements from 1 April 2019.

However, if you are based on the Island, registered for VAT in the UK and submitting VAT returns to HMRC, you will need to meet the 'Making Tax Digital' requirements from 1 April 2019 as set out in [VAT Notice 700/22](#).

### **Flat Rate Scheme for small businesses**

Users of the flat rate scheme are reminded to review their annual turnover on the anniversary of joining the scheme to ensure it has not risen above the turnover limit. You will cease to be eligible to use the scheme if at the anniversary of your start date your total income (including VAT) in the year then ending (excluding the sale of capital assets) is more than £230,000. Further information may be found in sections 11 and 12 of VAT Notice 733: Flat Rate Scheme for small businesses, available on the HMRC website at <https://www.gov.uk/government/publications/vat-notice-733-flat-rate-scheme-for-small-businesses/vat-notice-733-flat-rate-scheme-for-small-businesses>

### **Sanctions and export control**

Changes have been made to financial sanctions guidance issued by the Customs and Excise Division of the Treasury and changes have also been made to the layout of the website page.

Three new pieces of guidance have been issued:

- [Financial Sanctions – Guidance](#)
- [Financial Sanctions Relating to Terrorism – Guidance](#)
- [Financial Sanctions Relating to Proliferation – Guidance](#)

The aim of the updated guidance is to assist persons and businesses on the Island comply more easily with financial sanctions legislation, understand their obligations under the legislation and make clear who reports must be made to.

These changes were publicised in a news release issued 4 September 2018 which may be found at <https://www.gov.im/news/2018/sep/04/financial-sanctions/>

Comprehensive advice and guidance on UN and EU sanctions, export controls, trade control licensing (restrictions on the movement between other countries of certain goods where Island persons are involved), trade-based money laundering, proliferation and terrorism and terrorist financing may be found on our website at <https://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/sanctions-and-export-control/>

### **Trade-Based Money Laundering (TBML)**

TBML may be seen as the process of disguising the proceeds of crime and/or moving its value using the cover of real or concocted trade transactions, so as to legitimise the illicit origins of the proceeds. [Notice 1000 MAN](#) provides a general overview of the risks and challenges associated with TBML and what might be done to prevent and combat it.

### **VAT number validation**

You can verify the validity of a VAT number issued by any Member State, including Isle of Man (IOM) and United Kingdom (UK) VAT numbers, on the *europa website* using the weblink below. Simply select the Member State from the drop-down menu provided (GB applies to IOM and UK VAT numbers), and enter the number to be validated (no spaces). Click *Verify* and a confirmation window will then open providing name and address details in respect of valid VAT numbers and further guidance in respect of invalid numbers. Go to [http://ec.europa.eu/taxation\\_customs/vies/vatRequest.html](http://ec.europa.eu/taxation_customs/vies/vatRequest.html)

### **Repayments by BACS, straight into your bank account**

We can send a payment straight to your bank account if you are due a VAT repayment. To receive your repayments straight to your bank please complete and send to us a [BACS Application Form – BACS 1 MAN](#) available on our website.

Payments by BACS are faster, safer and more secure than Payable Orders which can take up to 6 days to clear and will be phased out in the future.

### **Bank details supplied to us for the repayment of VAT**

If you have supplied us with your bank account details for the repayment of VAT directly to your bank account, please remember to advise us of any future changes to these details which may affect repayments to you, in order to avoid unnecessary delay. A [BACS Application Form – BACS 1 MAN](#) is available on our website for completion.

### **Payment of VAT by electronic means**

Isle of Man Customs & Excise prefer electronic payments and encourage customers to pay this way. In comparison to electronic methods, cheques are less secure, more susceptible to fraud, slower and more expensive to process.

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

However, please ensure that your payment instruction is made in sufficient time to credit our bank account on or before the 7<sup>th</sup> calendar day, allowing for weekends and bank holidays.

For example, if the 7<sup>th</sup> 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 on the previous bank working day, i.e. the preceding Friday (unless this is a bank holiday). If the 7<sup>th</sup> calendar day falls on a bank holiday, you should also ensure that your instruction has been placed with your bank in sufficient time to credit our account on the previous bank working day.

Banks and building societies can operate different arrangements for setting up payments, so before making a payment to us you must check the following with your own bank or building society:

- Are there any single or daily limits to how much you can transfer from your account?
- Is there a bank cut-off time for processing payments on the same day?
- How long will it take for your bank to send your payments to us?

Checking these details will help to ensure that you do not incur any unnecessary late payment surcharges. **Please remember to use your VAT registration number as the payment reference.** For further advice and guidance please contact our Debt Management Unit on 648160. A Notice entitled '[Electronic Payments](#)' is also available on our website

### **Faster Payments by online or telephone banking**

Traders who pay their VAT liability electronically using Faster Payments are advised that specific advice and guidance notes are available on our [website](#).

Because we operate to statement entries rather than available funds, of particular note is the cut off time for making a payment on the same day, which is not when the funds leave your account and become available to the recipient.

### **Financial difficulties**

Isle of Man Customs and Excise takes a sympathetic and flexible approach to businesses facing temporary financial difficulties. If you are worried about being able to meet your tax liabilities, please get in touch with us to discuss payment options to help you deal with temporary cash flow difficulties.

Our officers will review your circumstances with you and can discuss temporary options tailored to your business needs.

Please get in touch with us as soon as you believe you may have difficulty in making a payment; our telephone number for this service is 648152.

Additional late payment surcharges will not be charged once an agreement has been reached with you provided the agreement is accepted before the debt becomes due, although interest will continue to be payable on those taxes where it applies.

### **Online services**

You can submit your VAT Return, EC Sales List and make a payment online. You can also view your previously submitted VAT Return details. To use online services you should register with IOM Government Portal <https://www.gov.im/onlineservices/> to create your own ID and Password. Then once registered, select Customs and Excise to enrol for the service.

It is our normal practice to issue activation codes to enrol to use the online service, to all newly VAT registered businesses.

However, if these have been lost, or have expired, a new activation code can be obtained by contacting Customs and Excise on 01624 648100, or email to [customsonline@gov.im](mailto:customsonline@gov.im) for this and any other online queries. For further details of how to enrol, visit the online services page on our website <http://www.gov.im/categories/tax-vat-and-your-money/customs-and-excise/registering-for-online-services/>

The online services continue to grow in popularity; with approximately 77% of all VAT returns now being submitted online this year. Similarly, the online service for submitting EC Sales Lists is being used extensively, with approximately 96% of data being submitted online rather than through traditional paper methods. Please note, the due date for submitting EC Sales Lists is 21 days from the end of the period if submitting electronically, but only 14 days if submitting in paper form.

### **Making your payment directly to our bank account when using the credit transfer payment option**

If you are using the C&E online facility, there is a credit transfer option which enables you to indicate to us that you intend to instruct your bank to transfer money from your account. Our account details are provided at the end of this option and are also printed on the reverse of your paper VAT return. You still need to instruct your bank to make the transfer and they will be able to advise you on the best electronic means available to you. **Please remember to use your VAT registration number as the payment reference.**

Please be aware that many Government departments/divisions have their own separate bank accounts and if you pay money due to Customs & Excise to another division's bank account, e.g. Income Tax, there may be a delay in applying the payment or it might be returned by the recipient. Please take extra care to ensure that you make payment to the correct bank account.

### **New and revised Notices**

[Factsheet 100 MAN](#) – Isle of Man Customs and Excise – Do the Requirements of Anti-Money Laundering Law Apply to my Business? – Updated to include a section concerning Trade-Based Money Laundering (TBML).

### Privacy Notice

The Treasury collects information about you in order to administer taxation and carry out other functions for which it is responsible (e.g. National Insurance, customs and excise duties, property rates, social security benefits, state pensions and legal aid etc.), and for the detection and prevention of crime.

Whilst that information will primarily be provided by you, where the law allows we may also get information about you from other organisations, or give information about you to them. This may be to check the accuracy of the information provided, prevent or detect crime or protect public funds in other ways. These organisations may include other government departments, the police and other agencies.

To find out more about how we collect and use personal information, contact any of our offices or visit our website at: <https://www.gov.im/about-the-government/departments/the-treasury/privacy-notice/>

### **Contacting Isle of Man Customs & Excise**

Unit	Phone	Email
VAT Advice	648130	<a href="mailto:customsadv@gov.im">customsadv@gov.im</a>
VAT Registration	648120	
VAT Deregistration	648150	
VAT Deregistration – Applications		<a href="mailto:deregistration.vat@gov.im">deregistration.vat@gov.im</a>
Excise & Customs Advice	648140	
Debt Management	648160	<a href="mailto:dmu.customs@gov.im">dmu.customs@gov.im</a>
Assurance Visiting Teams	648170	<a href="mailto:Assurance.Customs@gov.im">Assurance.Customs@gov.im</a>
Support Services	648180	<a href="mailto:SupportServices.Customs@gov.im">SupportServices.Customs@gov.im</a>
Customer Relationship Unit	648190	<a href="mailto:cru.customs@gov.im">cru.customs@gov.im</a>
General Enquiries	648100	<a href="mailto:customs@gov.im">customs@gov.im</a>
Online Services	648103	<a href="mailto:customsonline@gov.im">customsonline@gov.im</a>
Anti Smuggling	648110	
Customs Hotline	0800 59 5000	
Sanctions & Export Control	648109	<a href="mailto:customs@gov.im">customs@gov.im</a>

Fax 661725  
 Web page [www.gov.im/customs](http://www.gov.im/customs)  
 Address PO Box 6, Custom House, North Quay, Douglas, Isle of Man, IM99 1AG  
 Customs and Excise feedback [form](#)