

Isle of Man Customs & Excise

VAT Notes No. 3 of 2012/13

Items of general interest to Isle of Man Traders

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VAT EU Refunds for Isle of Man Traders

IBANS and the EU VAT Refunds system

Several IOM VAT registered traders have experienced problems in receiving VAT refunds from EU Member States as a result of the international bank account numbers (IBANS) they have provided for their Isle of Man accounts being prefixed with IM. We are working with HMRC towards a solution to this, but in the interim **you should prefix your IBAN with GB** rather than IM, to ensure that your claim, once validated, is repaid without delay. Please note it has been confirmed by the banks that traders will not have any issue with switching the prefix from IM to GB on their IBANS for VAT purposes in the event this is necessary.

What is the EU VAT Refund system?

Anyone who's registered for VAT in an EU country can use the Refund Scheme to reclaim VAT paid in another EU country. This means that if you're VAT-registered in the IOM, you can use the scheme to reclaim VAT you've paid in another EU country on goods or services you've bought for your business. You can find out more information by entering the following URL into your browser:- <http://www.hmrc.gov.uk/vat/managing/international/overseas-traders/htm>

VAT: Addressing borderline anomalies - guidance

Revenue & Customs Brief 27/12 announces publication of guidance covering the changes to address VAT borderline anomalies announced at Budget 2012. The changes take effect from 1 October 2012 (apart from Caravans which takes effect from 6 April 2013). The guidance takes the form of 7 information sheets covering each of the following areas:

- Hot food and premises
- Caravans
- Sports nutrition drinks
- Listed buildings
- Hairdressers' chairs
- Self storage; and
- Anti-forestalling (relating to the listed building and self storage changes).

Links to the information sheets may be found in Revenue & Customs Brief 27/12 at <http://www.hmrc.gov.uk/briefs/vat/brief2712.htm>

Removal of the VAT registration threshold for non-UK/IOM established businesses

Businesses without a UK/IOM establishment who make taxable supplies of goods or services in the UK/IOM will be affected by the removal of the VAT registration threshold.

The measure will require non-UK/IOM established businesses to register for VAT regardless of the value of taxable supplies they make in the UK/IOM. These businesses will no longer benefit from the UK/IOM VAT registration threshold.

The removal of the registration threshold for non-UK/IOM businesses will take effect from 1 December 2012. Details may be found at <http://www.hmrc.gov.uk/tiin/tiin760.htm>

Hiring of means of transport - changes to place of supply rules

Businesses are reminded of the changes in respect of business to consumer (B2C) supply of services of long-term hire of means of transport and B2C supplies of services of long-term hire of pleasure boats effective on or after 1 January 2013. Further details are available in VAT Notice 741A *Place of supply of services* at <http://www.hmrc.gov.uk/thelibrary/vat/index.htm>

Machine Games Duty

The Treasury intends to introduce Machine Games Duty (or "MGD") with effect from 1 February 2013 on takings from gaming machines. At that time, those takings subject to MGD will become exempt from VAT. Businesses affected by this change are reminded that they will become partially exempt as soon as they either start making exempt supplies or incur input tax on costs that relate to these supplies.

More information about MGD and VAT implications for this new duty can be found on our website www.gov.im/customs and clicking on the link under the heading "Machine Games Duty" in the latest news releases section.

VAT on gaming machine takings - fiscal neutrality claims

Claims are invited from Isle of Man VAT registered businesses for repayment of any overpaid VAT output tax on gaming machine income back to 1 February 2007. Such claims may relate to output tax overpaid whether following an assessment, or declared on a VAT return (payment or repayment), or by voluntary disclosure. For claims to be accepted they must set out the amount being claimed for each prescribed accounting period covered, show how that amount has been calculated and must refer to documentation or other evidence used in the calculation of the claim.

Further information and details of how to make a claim can be found on our website www.gov.im/customs and clicking on the link under the heading "VAT on gaming machines takings - fiscal neutrality claims". Alternatively you may write to us requesting more information in print - please mark your correspondence "Fiscal Neutrality Claim".

Please note that repayments of VAT are normally "capped" at 4 years from when the claim is submitted. However we are exceptionally prepared to allow claims made now and in the immediate future to extend beyond the capped period, but no earlier than 1 February 2007. Claims that are not submitted promptly may be denied the opportunity to extend back that far.

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 detail 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

Changes to VAT invoicing rules

Changes introduced by EU Council Directive 2010/45/EU to simplify VAT invoicing rules are coming into force on 1 January 2013.

The main changes are:

- Simplifying the rules for electronic invoicing
- Removing the requirement to issue a VAT invoice for exempt supplies
- Use of a simplified VAT invoice for supplies up to £250 in value
- Reference on an invoice to explain the treatment of the supply
- Reduce the time limit for issuing a VAT invoice for an EU cross-border supply
- Other changes include a minor change relating to goods being sent to another Member State for the purposes of being valued.

Businesses are advised to review the HMRC guidance *VAT: changes to VAT invoice rules* http://customs.hmrc.gov.uk/channelsPortalWebApp/downloadFile?contentID=HMCE_PROD1_032093 to see how this may affect them or by contacting the Advice Centre on 648130.

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/>

Making your payment directly to our bank account

If you are using the Customs & Excise 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 of the best electronic means available to you.

Please be aware that many Government revenue 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.

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 change 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 at <http://www.gov.im/treasury/customs/forms/>

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.

For further details of how to enrol, visit the following web page <http://www.gov.im/treasury/customs/online.xml> To obtain an activation code or to discuss any online services, call 01624 648103 or 648104.

The online services continue to grow in popularity; with over 50% of all VAT returns now being submitted online this year. Similarly, the online service for submitting EC Sales Lists is being used extensively, with over 55% 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.

Online VAT Services - VAT Notes Online – New format

Both IOM and HMRC VAT Notes can be viewed online, this includes historic ones. This edition of IOM VAT Notes Online is available in a new format designed to improve readability for online users. The addresses are:

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>

Contacting Isle of Man Customs & Excise

Unit	Phone	Email
VAT Advice	648130	customsadv@gov.im
VAT Registration	648120	
VAT Deregistration	648150	
Excise & Customs Advice	648140	
Debt Management	648160	
Assurance Visiting Teams	648170	Assurance.Customs@gov.im
Support Services	648180	SupportServices.Customs@gov.im
Customer Relationship Unit	648190	cru.customs@gov.im
General Enquiries	648100	customs@gov.im
Online Services	648103	customsonline@gov.im
Anti Smuggling	648110	
Customs Hotline	0800 59 5000	

Fax 661725

Web page www.gov.im/customs

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