

Isle of Man Customs & Excise

VAT Notes No. 4 of 2012/13

Items of general interest to Isle of Man Traders

Included in this Issue:-

- VAT EU Refunds for Isle of Man Traders
- VAT: Addressing borderline anomalies – guidance
- Removal of the VAT registration threshold for Non-UK/IOM established businesses
- Hiring of means of transport – changes to place of supply rules
- Machine Games Duty – Reminder of Need to Register before 1 February 2013 – NEW
- Declaration and Clearance of Imported Motor Vehicles from 15 April 2013 - NEW
- VAT on gaming machine takings – fiscal neutrality claims
- VAT number validation
- Changes to VAT invoicing rules - NEW
- Payment of VAT by electronic means
- Online services

VAT EU Refunds for Isle of Man Traders

IBAN 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 (IBAN) 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 IBAN 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 took 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 – Reminder of Need to Register before 1 February 2013

If you operate or have on your premises a gaming machine you may need to register for Machine Games Duty (MGD).

MGD will be due on the takings of relevant machines from the playing of “dutable machine games” in the Island, and from that date these takings will not be subject to VAT. Not all machine games are dutiable, and it will not be payable on machines that only offer non-cash prizes, or only cash prizes that are less than the cost to play.

MGD will become due for takings on and after 1 February.

The following persons would be required to register for and pay MGD in respect of dutiable machine games –

- a. those who hold the relevant certificate or licence issued by the Gambling Supervision Commission (GSC);
- b. those who are required to hold such a certificate or licence; or
- c. those permitted by the GSC to operate a dutiable machine game under the authority of an exception or exemption.

A “relevant certificate or licence” is one for a licensed betting office (bookmaker) or issued under the Gaming (Amendment) Act 1984 or the Casino Act 1986.

If you own or control more than one site containing machines you need only register once, but you will need to provide details of each site.

If you should be registered you would still be liable for any MGD due and would also be liable to penalties for failure to register, or for failure to register before allowing the playing of dutiable machine games.

There is no fee for making a registration application.

The necessary application form and further information about MGD may be found at <http://cf.gov.im/categories/tax,-vat-and-your-money/customs-and-excise/machine-games-duty/>

Declaration and Clearance of Imported Motor Vehicles from 15 April 2013

From 15 April 2013 the procedures involved in importing a vehicle, whether new or used, change and anyone importing a vehicle – whether from the EU or elsewhere – will have to declare its arrival to Customs and Excise within 14 days of its arrival. It will not be possible to register and licence the vehicle for use on the road until it has been declared and until Customs and Excise is satisfied that any charges due in respect of the vehicle have been secured.

Further details will be published on the Customs & Excise website in due course.

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 came 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/>

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.

Contacting Isle of Man Customs & Excise

Unit	Phone	Email
VAT Advice	648130	customsadvic@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