

Isle of Man Customs & Excise

VAT Notes No. 1 of 2012/13

Items of general interest to Isle of Man Traders

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Headline budget changes having effect in the Isle of Man

VAT: Increased registration & deregistration thresholds

With effect from 1 April 2012 the annual taxable turnover threshold (on a rolling 12-month basis), which determines whether a person must be registered for VAT, was increased from £73,000 to £77,000. The taxable turnover threshold which determines whether a person may apply for deregistration was increased from £71,000 to £75,000.

VAT: Fuel scale charges

Changes to the VAT fuel scale charge rates based on emissions take effect from 1 May 2012. Anyone completing a VAT return for a period commencing on or after 1 May 2012 should apply these new rates where applicable. The revised rates are available on our website at <http://www.gov.im/treasury/customs/faqs/>. The VAT fuel scale charge is a simplified means of taxing the private use of business fuel.

VAT: Low value consignment relief

This measure removes low value consignment relief (LVCR) from mail order goods imported into the UK from the Channel Islands. This will end the exploitation of LVCR by suppliers established in the Channel Islands for the purpose of selling low value goods on a large scale free of VAT to UK and Isle of Man customers and has effect from 1 April 2012.

Excise: Alcohol duty rates

Legislation has been introduced to increase the duty rates for all alcoholic drinks by 2 per cent above the rate of inflation (based on RPI) on 26 March 2012. This will add 3 pence to the price of a pint of beer, 2 pence to the price of a litre of cider, 11 pence to the price of a bottle of wine, and 41 pence to the price of a bottle of spirits.

Excise: Tobacco duty rates

Legislation has been introduced to increase tobacco duty rates by 5 per cent above the rate of inflation (based on RPI). This will add 37 pence to the price of 20 cigarettes, 12 pence to the price of a pack of 5 small cigars, 37 pence to the price of a 25g pouch of hand-rolling tobacco, and 20 pence to the price of a 25g pouch of pipe tobacco.

Excise: Red Diesel – Used in private pleasure craft (EU infraction)

Legislation has been introduced which requires the declaration made at the time red diesel is purchased for use in private pleasure craft to include an acknowledgement that any restrictions and prohibitions under the national laws of another member state on the use of fuel for propelling private pleasure craft outside UK and Isle of Man waters are not affected by provisions in Island law.

Air Passenger Duty

Legislation has been introduced to increase Air Passenger Duty (APD) rates for 2012-13 as set out at the 2011 Autumn Statement. For economy travellers Band A, mainly the UK and Europe, the duty will rise by £1, increasing the duty rate from £12 to £13 with effect from 1 April 2012.

Hairdressers' chair rental

A measure is to be introduced with effect from 1 October 2012 making it explicit in legislation that the rental of a chair by a salon to a hairdresser is taxable at the standard rate of VAT. This secondary legislation will specifically exclude hairdressers' chair rentals from the VAT exemption applied in respect of a licence to occupy land. Further details of the

proposed revisions may be found in the document entitled VAT: Addressing Borderline Anomalies at <http://www.hmrc.gov.uk/budget2012/vat-con-4801.htm>

EC Sales List (ESL) – New ESL threshold

From 1 January 2012 monthly ESLs are required if EU supplies of **goods** exceed **£35,000** in the current or four previous quarters. Further information may be found at: <http://www.hmrc.gov.uk/vat/managing/international/esl/reporting-esl.htm> and using the page link heading When to Submit your EC Sales List.

Change to submitting Intrastat declarations from April 2012

If you submit Intrastat declarations (details of your trade in goods with other EU Member States), you need to be aware that changes are being introduced from 1 April 2012.

Change to monthly deadline

The monthly deadline for submitting Intrastat declarations is being brought forward to the 21st day of the month. This means that your declarations will be due 21 days after the end of the month in which you have EU trade to declare. For example, we must receive your April Intrastat declaration by 21 May.

For further information go to www.uktradeinfo.com but please note that the mandatory electronic submission of declarations only applies in the United Kingdom. Isle of Man traders should still submit their Supplementary Declarations (SDs) on the paper Intrastat forms provided.

Intrastat declarations – Changes to delivery terms codes

If you are required to provide delivery terms information then you need to be aware that for Intrastat declarations with a reference period of January 2012 onwards, there are two new delivery terms codes for Intrastat purposes:

- DAT (Delivered at Terminal) replaces DEQ
- DAP (Delivered at Place) which replaces DAF, DES and DDU

Please remember, you are only required to provide Delivery Terms information on your Intrastat declaration if your trade exceeds the Delivery Terms threshold. The threshold is currently £16,000,000.

Further information and links at <http://hmrc.gov.uk/briefs/vat/brief4411.htm>

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.

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.

Change of address

Please notify us in writing promptly if the postal address for receipt of your VAT returns and related correspondence changes. Failure to notify us of a change of address in a timely manner may not be viewed as reasonable excuse for the late rendering of VAT returns or payments and default surcharge penalties may be applied.

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.

Online services and paper returns

Anyone who enrolls to use our online returns services will no longer, by default, receive paper returns. Almost half of people who now send their returns in online have already chosen not to receive paper returns. If you submit your returns online and no longer wish to receive a paper VAT return or European Community Sales Lists then you can turn this option off or on using the Administrator option on your online account.

Online EC Sales List service

A new online EC Sales List service was launched by IOM Customs and Excise on 30 June 2010. This service is automatically available to anyone enrolling, or who has already enrolled for the VAT service. The due date for submitting the EC Sales List is 21 days from the end of the period if submitting electronically, but only 14 days if submitting a 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	Unit	Phone	Email
VAT Advice	648130		VAT Registration	648120	
VAT Deregistration	648150		Excise & Customs Advice	648140	
Debt Management	648160		Assurance Visiting Teams	648170	
Support Services	648180		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/treasury/customs

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