

What's new in VAT? December 2010

Subject	Brief detail	Who is affected?	Action
Input tax, person supplied	VAT is recoverable as input tax only if you are the person to whom the supply is made. Recent cases have clarified some of the issues governing this principle. (Airtours Holidays Transport Limited and LMUK).	Any person paying for supplies made to others or operating many promotion schemes. For example, holding companies paying finance and bank's legal fees, businesses paying landlord's fees in property transactions.	Review arrangements to ensure maximum recovery.
Transfer of going concern (TOGC)	The AB SKF case has suggested that the sale of the shares in a company could be treated as a TOGC and not as an exempt share sale. This could give higher input tax recoveries.	Any business that has disposed of company shares and suffered an input tax loss as a result.	Review company disposals and make claims where appropriate.
Lennartz accounting	A reminder that Lennartz accounting was withdrawn for aircraft and boat purchases and for land and buildings transactions at 1 January 2011.	Organisations with non-business use of assets as well as business use.	Consider the optimum structure for input tax claims.
Place of supply	A reminder that B2B supplies of cultural, artistic and similar services are subject to the new base rule for establishing place of supply with effect from 1 January 2011 unless there is an admission charge in which case the old rule continues.	Suppliers of cross border B2B cultural, artistic, sporting, scientific, educational, entertaining and similar services.	Review systems to ensure correct VAT accounting.
Samples	HMRC have published Brief 51/10 confirming their acceptance of the new interpretation of the samples rules.	All business that give samples.	Review arrangements to ensure that VAT is not paid over unnecessarily.

Upcoming events

Topic	Date	Location	Further information
<u>VAT and business expenses: Pitfalls and Opportunities</u>	<u>2 April 2011</u>	<u>Southampton</u>	<u>Places available</u>
<u>VAT and business expenses: Pitfalls and Opportunities</u>	<u>8 October 2011</u>	<u>London</u>	<u>Places available</u>
<u>VAT and business expenses: Pitfalls and Opportunities</u>	<u>25 November 2011</u>	<u>Manchester</u>	<u>Places available</u>