

## What's new in VAT?

October 2011

Subject	Brief detail	Who is affected?	Action
Salary sacrifice	A reminder that from 1 January 2012, many supplies under salary sacrifice arrangements which escaped a VAT charge come into the scope of the tax	Any business offering employee benefits in return for a salary sacrifice	Check current arrangements to ensure correct compliance from 1 January
Partial exemption	HMRC have often tried to restrict recovery of VAT on overheads where the profit on taxable goods sold was negligible or zero. A recent case suggests that this argument and the associated HMRC guidance may be wrong	Hp companies, used car dealers and other traders in low margin goods	Review partial exemption methods to ensure maximum recovery
Appeals	There appears to be a growing number of cases where HMRC maintain a decision even where it is clearly wrong, only withdrawing immediately prior to or even at appeal	Businesses subject to assessments and rulings of dubious validity	Ensure that appeals are lodged where it is clear that HMRC are wrong as otherwise they could collect incorrectly assessed tax
Caravan sites	A reminder that three extra statutory concessions will be withdrawn on 1 <sup>st</sup> January 2012. They relate to gas and electricity connection and the recharge of both business rates and water and sewerage charges.	Caravan sites	Consider pre-invoicing and pre-payment structures to avoid the increase in VAT liability. Check systems to ensure correct compliance.