

What's new in VAT?

March 2011

Subject	Brief detail	Who is affected?	Action
Hot take away food	The <i>Deliverance</i> case has been heard at the Upper Tribunal. The company has won its argument that certain food delivered hot to customers was nevertheless zero rated as it was only heated to show that it was fresh and to comply with food hygiene regulations.	Hot food suppliers who may be accounting for VAT unnecessarily	Review hot food deliveries and see whether there is scope for zero rating
Disbursements	The <i>Barrett, Goff Tomlinson</i> case has dealt another blow to HMRC's view of what constitutes a disbursement. The definition would appear to be much wider than before.	Any business which incurs costs on behalf of another and then recharges them	Review recharge processes to ensure that the correct treatment is afforded.
Bank interest and the flat rate scheme	<i>Fanfield Ltd and Thexton Training Ltd</i> have won their appeal, arguing that bank interest is to be excluded from turnover when calculating VAT liability under the flat rate scheme.	Flat rate scheme users which have included bank interest in turnover	Consider making a claim to recover the overpaid tax
Budget – registration limits	The registration limit has increased to £73,000 and the deregistration limit to £71,000 with effect from 1 April.	Small businesses	Ensure that the new limits are sued when considering registration issues
Budget – low value consignments	The low value consignment limit of £18 whereby goods can be imported into the UK duty and VAT free is to reduce to £15 with effect from 1 November.	Suppliers of low value consignments from outside the EU.	Ensure systems are updated in time for the change. Assess impact and re-price where necessary.
Budget – miscellaneous	See Andrew Walls' Budget Blog for brief details of other changes.		