

## What's new in VAT? December 2011

Subject	Brief detail	Who is effected?	Action
Bingo and gaming machines	HMRC have now accepted the ruling on bingo machines and are making repayments. They still maintain their position on gaming machines and refusing claims	Bingo and gaming machine operators	Ensure claims are made and paid where appropriate and maintained otherwise.
New house zero rating 1	Mrs S had planning permission to build a bungalow with two residential units in connected by an internal door. She had it constructed without the door so that her two daughters could have a home each. HMRC denied zero rating as it was not constructed in accordance with planning permission gained.	Builders and others involved in new house building.	Ensure that all criteria are met before applying zero rating
New house zero rating 2	HMRC have announced their acceptance that "Extra Care" accommodation can be zero rated as long as it complies with the normal relief provisions	Builders and others involved in new house building.	Ensure that all criteria are met before applying zero rating
Iced tea extracts and concentrates	Thorncraft has won its appeal that these are zero rated	Suppliers of iced tea extracts and concentrates	Apply zero rating and make retrospective claims if possible
Vehicles designed for use by disabled persons	Confusion reigns! The British Disabled Flying Assoc has won its case that zero rating applies to planes which are bought as standard stock aircraft and then immediately converted for use by disabled persons. The test is whether the plane is designed for use by a disabled person when used, not when it leaves the factory. Contrast this with HMRC's announcement that from 1st January 2012, the supply of cars which are later converted will no longer qualify for relief. Also the supply of parts for boats which are designed for use by disabled persons will no longer be zero rated.	Suppliers of vehicles to disabled persons and charities	Check the position before zero rating to avoid undercharge
Cost sharing exemption	The Chancellor has announced that the exemption will be implemented	Charities and other not for profit organisations	Consider the application of the exemption and make plans for implementation
Sail-away Boat Scheme	A reminder that the scheme has been withdrawn for UK residents	Boat suppliers	Ensure that relief is not afforded to UK residents from 1 <sup>st</sup> January
Intrastat	Minor changes for 2012 Dispatch limit remains at £250,000, arrivals limit remains at £600,000, delivery terms limit remains at £16m. Low value consignment limit increase to £180	Businesses submitting Intrastat returns	Implement systems changes as required

	Delivery terms, DEQ replaced by DAT, DAF/DES/DDU replaced by DAP		
Photo books	Harrier Llc has won its case that certain photo book supplies can be zero rated. HMRC have previously argued that either the supply was of services and so standard rated or that the product was not sufficiently similar to a book to qualify for relief.	Suppliers of photo books	Consider the ruling and ascertain whether zero rating applies or not or whether changes can be made to bring products within the relief
Charity donations	Findel sold goods through catalogues. It donated a proportion of the income to charity. It accounted for VAT on the net amount of income less the donation. The Tribunal has ruled that VAT was due on the full amount. It was Findel that was making the donation not the individual purchaser.	Charity fund raisers	Word documentation carefully to ensure that it is clear who the donor is. Note that if the customer is the donor they have to have the right to only pay the reduced value and not make the donation.