

VAT update

March 2020



Hot Topics

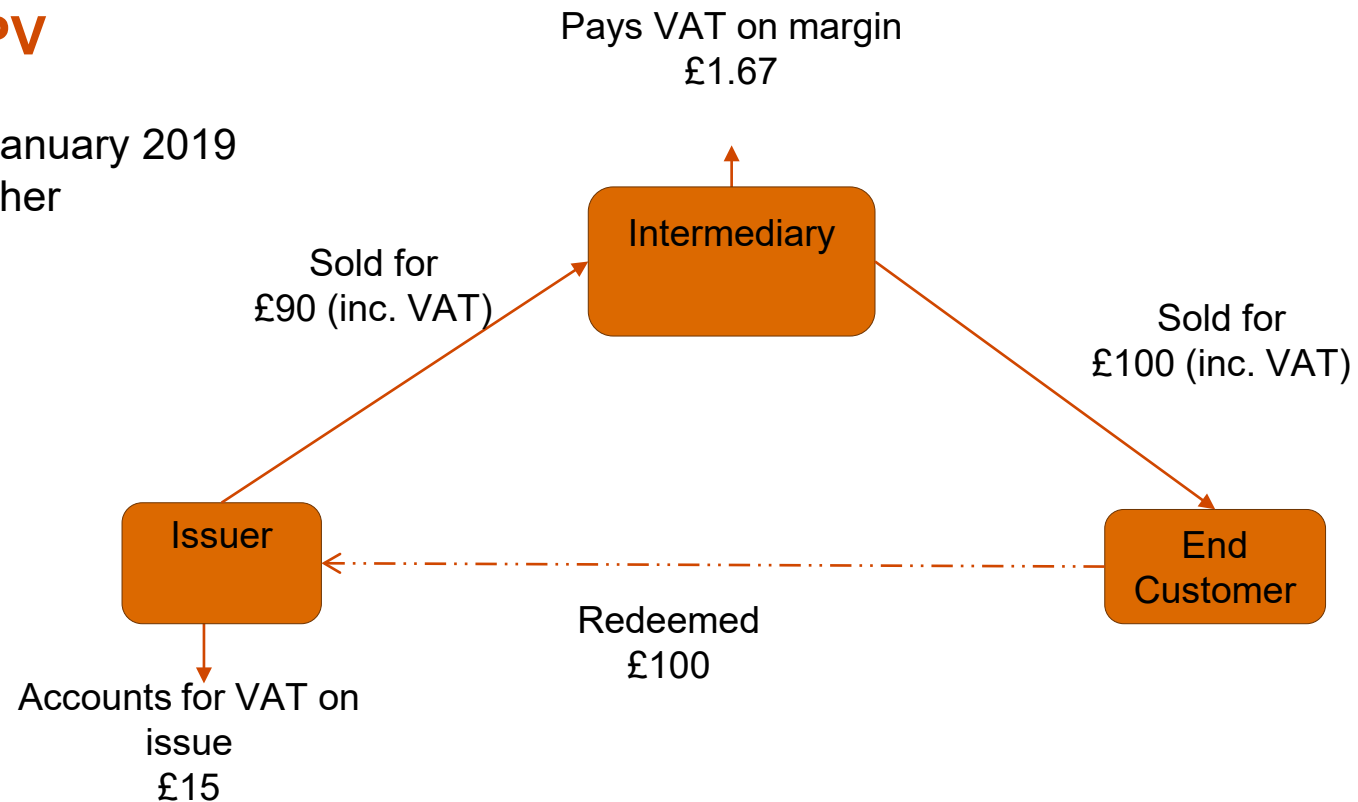
- VAT and vouchers - Where are we now?
- Making Tax Digital
- Brexit

Where are we now?

Single Purpose Vouchers

Buy-Sell Model – SPV

- Current model post 1 January 2019
- £100 Face Value Voucher

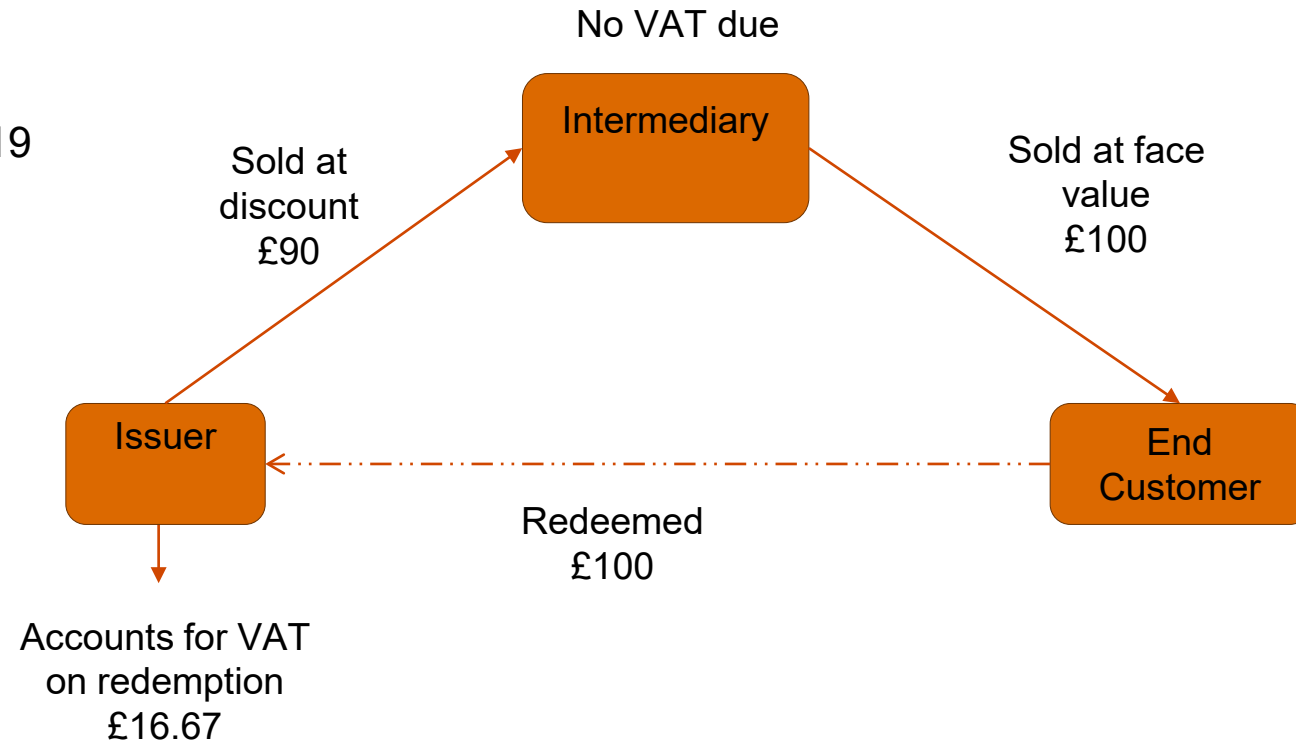


Where are we now?

Multi Purpose Vouchers

Buy-Sell Model – MPV

- Current model post 1 January 2019
- £100 Face Value Voucher

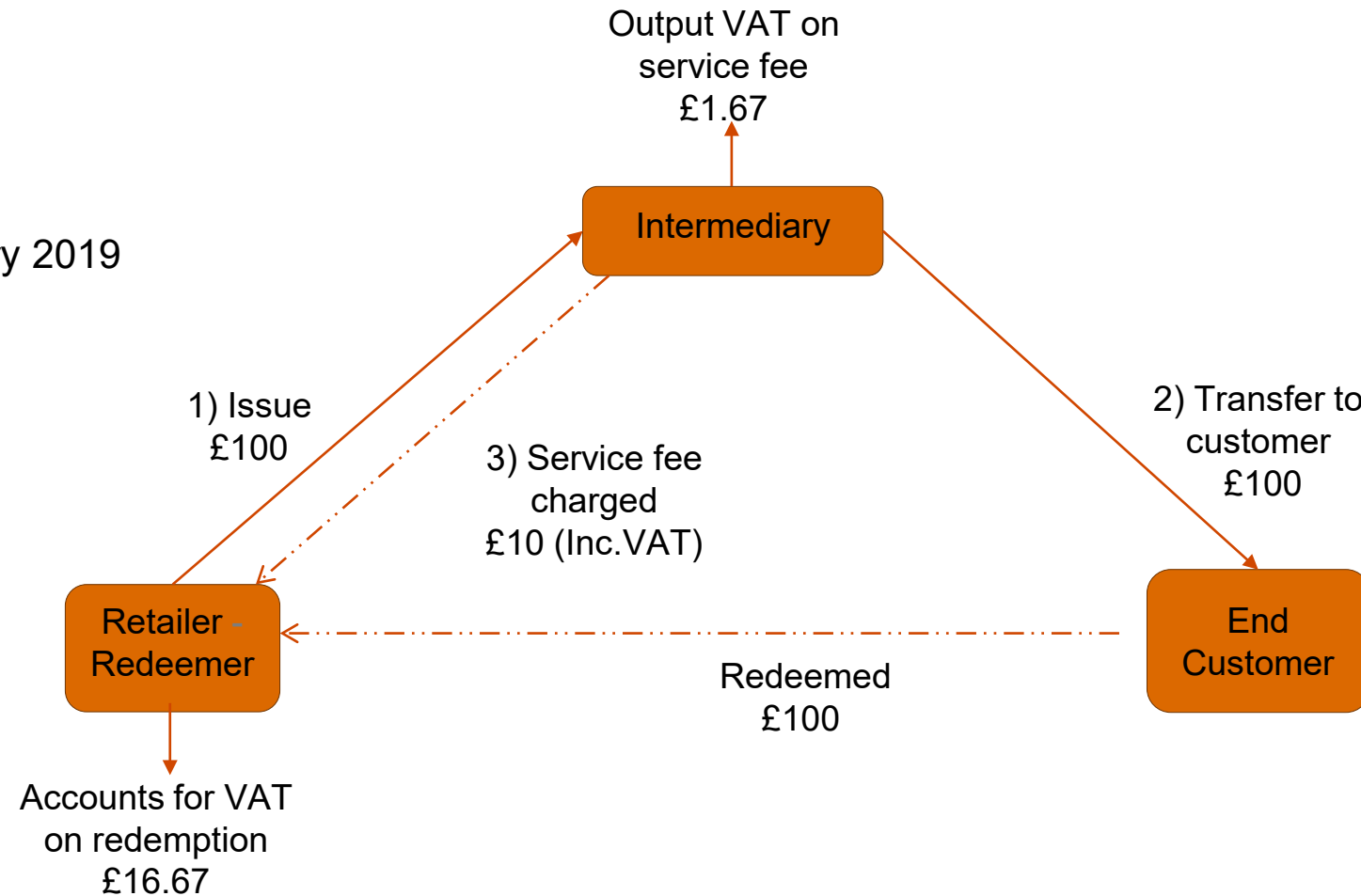


Where are we now?

Multi Purpose Vouchers

Service Fee Model

- Current model post 1 January 2019
- £100 Face Value Voucher



Issues post 1 January 2019

- Input VAT recovery
- Service Fee model implementation
- Self billing
- Sales of vouchers at a discount
- Reward platforms

Making Tax Digital

- Making Tax Digital (MTD) is HMRC's flagship policy which aims to digitise business tax reporting and initially focuses on VAT.
- MTD for VAT requires VAT registered businesses with taxable turnover above the VAT registration threshold to keep records in digital form and file VAT Returns using software.

There are two key dates where requirements need to be met. These are:

- For VAT return periods starting on or after **1 April/October 2019**:
 - Submit VAT returns digitally to HMRC using an application programming interface ("API"); and
 - Keep VAT records (certain transactions, VAT accounts and summary of outputs) digitally.
- For VAT return periods starting on or after **1 April/October 2020**:
 - Maintain a clear 'digitally linked' audit trail from the transaction records to the VAT return filing.
- HMRC has decided that those who do not comply with MTD will face a new, 'points-based' penalty model.

Brexit

- The UK left the EU on **31 January 2020** and has now entered an 11-month transition period.
- From 1 January 2021, there will be fundamental changes **in the relationship between UK and EU**.
- Understanding what these changes could be, and how they could impact supply chains, will be critical for the planning that businesses will need to undertake to mitigate the potential impact of Brexit on Indirect Taxes.
- **Potential impact on the Gift card and Voucher industry?**
 - Overseas VAT registration requirements
 - Place of supply of goods and services
 - Appointment of fiscal representatives
 - VAT reporting changes (ECSL and Intrastat)
 - Use and enjoyment
 - Distance sales
- Northern Ireland protocol

Any Questions?

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