

Monthly VAT Update Webinar – 21st January 2021

Transcript

Q Should we set up a payment scheme when buying goods from abroad?

A It would not always be necessary but yes, you can do so. If your supplies are coming in from Europe, then there shouldn't be any tariffs. Everything will be self assessed going forward.

If you are using an import agent, they will deal with all the paperwork for you. Whilst there will be a charge it may not be any more expensive than doing it yourselves.

Q Is there any update on managed service contracts?

A Not yet. The guidance hasn't been updated yet in relation to IT projects.

Q Are there any agreed partial exemption treatments for certain types of capital expenditure?

A If capital spend relates to exempt use, be it wholly or partially, there will be restrictions on VAT recovery. This could be for work carried out on private patient wards, accommodation that is leased for a charge, training units, creche or nursery.

NHS organisation should apply to HMRC for approval to use a special method for partial exemption and also bear in mind that if the value of the capital scheme exceeds £250,000 then the capital goods scheme should also be considered.

Q At what point should customs declarations be made for imports?

A It would normally be at the point of import but can be deferred for a temporary period.

Q What is the process of raising invoices to businesses outside of the UK?

A Services supplied by the NHS will generally be outside the scope of VAT. Goods leaving the UK will be zero rated. You must have evidence that the goods have left the UK. VAT Registration numbers are no longer required.

Q How does the deferred VAT scheme work?

A Goods will arrive in the UK and any tariffs due will be payable at that point. VAT however is paid to HMRC via the VAT return through box 1 as import tax. Previously the C79 form was used when the VAT was paid as goods from outside of the UK arrived in the UK.

Q Salary sacrifice scheme – Does the VAT on this expenditure qualify for VAT recovery?

A Since HMRC lost the tribunal they are reviewing the situation, but at the moment VAT still remains recoverable where it is a cost that relates to car leasing salary sacrifice schemes.

Q Please confirm if VAT can be recovered under COS code 14 where it is specifically designed for the NHS, but it isn't wholly outsourced?

A HMRC have not clarified the update to the guidance on COS 14 yet. If you have VAT which has not yet been reclaimed and it is time sensitive then it would be advisable to submit a protective claim to HMRC. If you have doubts as to whether the VAT is recoverable or not then you can submit a non-statutory clearance letter to HMRC regarding your specific query.

Q When does a provision of goods and/or services become exempt?

A Goods bought in by the NHS would generally not be exempt and VAT would be charged by the supplier. If you are buying in exempt services, then VAT would not be charged in the first place. If you have doubts as to whether VAT should have been charged to you as a customer then you can refer to schedule 9 of the VAT act which lists the categories of services that are classed as being exempt.

Q A Trust has received their EORI number. Is anything else required?

A The extent of what is needed will be dependent on what you have asked your agent to do.

Q A GB organisation is making supplies to Northern Ireland, will there be any changes?

A For movement of goods to Northern Ireland, the GB organisation will need to apply to HMRC for an additional EORI number beginning XI.

Q Do we know when the COS reforms will come into place?

A Representations were due in November. Treasury are reviewing the responses at the moment. At the earliest it is likely to be 2023.

Q Will the VAT return change in format?

A No plans for it to change at the moment but may change in the future

Q Are there any implications regarding the COS rules following Brexit?

A No, the COS rules have not changed as a result of the UK's departure from the EU.

Q An NHS organisation a GP for cleaning services, should VAT be charged?

A If the supply is only for cleaning and the building is not leased to the GP by the organisation, then the charge will be taxable. If the building is leased to the GP by the organisation and are receiving rental income in relation to that building then the cleaning services will be exempt, unless the building has been opted to tax, in which case the supply will be taxable.

Q An NHS organisation raises an invoice to a pharmaceutical company to collect a rebate, should this be taxable?

A No, rebates are outside the scope of VAT and VAT should not be charged.

Q An NHS organisation raises an invoice to Dublin for IT Services, should this be taxable?

A No, this would be outside the scope of VAT.

Q Do the NHS still need to complete the EC sales lists?

A No, this has been replaced by the customs declarations

Q When is making tax digital going to begin?

A Nothing has been fixed, it is likely to be 2023 2024. It will most likely coincide with the COS reforms.