

VALUE ADDED TAX – FA25 CHANGES GUIDE

FA25 Ch	FA24 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	VAT General Principles			✓	
2	2	Registration	✓			<p>VAT can be recovered on services incurred prior to registration if the services were used wholly for supplies that would have been taxable had the business been registered. Where they relate to supplies after registration, VAT can be recovered subject to normal rules</p> <p>Generally a person has one month to submit their final VAT return after de-registering. Under an SI, HMRC now have the power to extend this time limit</p> <p>Paragraphs added re private schools and when they need to register and recovery of VAT when they started making taxable supplies of education (broadly from 1.1.25). Pre registration VAT on goods can have a pro-ration of 5 years economic life</p>
3	3	Definition of Supplies			✓	
4	4	Liability of the Supply			✓	
5	5	Schedule 8 VATA 1994 – Zero-Rating		✓		Update to the British Standard for caravans so they still qualify for zero-rating

6	6	Schedule 9 VATA 1994 – Exemptions		✓		Private schools charge VAT on supplies of education fees and board and lodging from 1.1.25 (subject to special pre-payment rules)
7	7	Deemed Supplies & Self-Supplies			✓	
8	8	Value of the Supply			✓	
9	9	Time of Supply		✓		A section has been added on Private Schools and tax points
10	10	Input Tax – When to Recover		✓		Advisory fuel rates have been updated – they are on the tax tables
11	11	Partial Exemption		✓		A sentence has been added about Private Schools being partially exempt from 1.1.25
12	12	VAT Records & Returns			✓	
13	13	Accounting for VAT			✓	
14	14	Bad Debt Relief			✓	
15	15	HMRC Powers, Appeals & Assessments			✓	
16	16	Penalties for Incorrect Returns			✓	

17	17	Penalties for Failure to Notify			✓	
18	18	Penalties for Late Returns & Late Payment	✓			Penalty percentages have risen: 15-30 days is 3% (2% prior to 1.4.25) 30 days is 3% (2% prior to 1.4.25) 31 days and over is 10% (4% prior to 1.4.25)
19	19	Interest & Other Points		✓		Late payment interest rate is on the tax tables
20	20	Refunds & Repayment Interest		✓		Repayment interest rate is on the tax tables. Repayment supplement has been removed from the chapter
21	21	International Aspects – Goods		✓		Movement of own goods between GB and NI have been added
22	22	International Aspects – Services	✓			There are no technical changes but the chapter has been reordered and some points have been added for clarity
23	23	Land & Buildings – Zero & Reduced Rating			✓	
24	24	Land & Buildings – Exemption & Standard-Rating			✓	

25	25	Land & Buildings – Option to Tax			✓	
26	26	Capital Goods Scheme	✓			<p>HMRC plans to increase the limits for CGS - £600k for buildings and removal of computers from the scheme</p> <p>A new section has been added on Private Schools and recovering VAT on capital assets from 1 January 2025 due to school fees becoming standard rated from that date</p>
27	27	Transfer of a Going Concern			✓	
28	28	Groups			✓	
29	29	The Flat-Rate Scheme			✓	
30	30	Retail Schemes			✓	
31	31	Farmers' Flat-Rate Scheme		✓		Removal of £3,000 restriction
32	32	Charities			✓	