

VALUE ADDED TAX – FA20 CHANGES GUIDE

| FA20 Ch | FA19 Ch | Topic | Major changes | Minor changes | No changes | Notes |
|---------|---------|------------------------------------|---------------|---------------|------------|---|
| 1 | 1 | VAT General Principles | | | ✓ | Note that for exams in 2021 the syllabus is the same as that for 2020. Therefore, although the UK is in a transition phase for Brexit, exams will be set as though the UK is still a member of the EU and that EU law on VAT still applies in the UK. In addition, temporary measures introduced, as a result of COVID-19, are not examinable. |
| 2 | 2 | Registration | | | ✓ | |
| 3 | 3 | Definition of Supplies | | ✓ | | The reduced rate on sanitary products is to go from 1 January 2021 when the UK leaves the EU transition phase. They will be liable to 0%. |
| 4 | 4 | Liability of the Supply | | ✓ | | The reduced rate on sanitary products is to go from 1 January 2021 when the UK leaves the EU transition phase. They will be liable to 0%. |
| 5 | 5 | Schedule 8 VATA 1994 – Zero-Rating | | ✓ | | From 1 May 2020 electronic versions of publications falling within items 1-3 of Group 3 are also zero-rated. The Upper tribunal agreed with News Corp that electronic versions of their newspapers should be zero rated. HMRC has issued Brief 1 (2020) stating their intention to appeal to the Court of Appeal (for claims prior to the change in law). |

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| 6 | 6 | Schedule 8 VATA 1994 – Exemptions | | | ✓ | |
| 7 | 7 | Deemed Supplies & Self-Supplies | | | ✓ | |
| 8 | 8 | Value of the Supply | | ✓ | | Insertion of a new section on increases and decreases in consideration for supplies that have already taken place and when debit and credit notes are required and how the VAT is adjusted. |
| 9 | 9 | Time of the Supply | | | ✓ | |
| 10 | 10 | Input Tax – When to Recover | | ✓ | | Advisory fuel rates from 1 June 2020 have changed. The new rates are in the Tax Tables provided for the 2021 exams. |
| 11 | 11 | Partial Exemption | | | ✓ | |
| 12 | 12 | VAT Records & Returns | | ✓ | | The 'soft landing' period for MTD has changed. Businesses will not be required to have digital links between software programs until their first VAT return period starting on or after 1 April 2021. |
| 13 | 13 | Accounting for VAT | | | ✓ | |

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| 14 | 14 | Bad Debt Relief | | ✓ | | If an employee diverts funds from customers directly into their own bank account then bad debt relief is available as the supplier has not been paid. If, however, an employee steals from the till, bad debt relief is not available as the supplier was technically paid. |
| 15 | 15 | HMRC Powers, Appeals & Assessments | | | ✓ | |
| 16 | 16 | Penalties for Incorrect Returns | | | ✓ | |
| 17 | 17 | Penalties for Failure to Notify | | | ✓ | |
| 18 | 18 | Default Surcharge | | | ✓ | |
| 19 | 19 | Interest & Other Points | | | ✓ | |
| 20 | 20 | Refunds & Repayment Interest | | | ✓ | |
| 21 | 21 | International Aspects - Goods | | | ✓ | |
| 22 | 22 | International Aspects - Services | | | ✓ | |
| 23 | 23 | Land & Buildings – Zero & Reduced Rating | | | ✓ | |

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| 24 | 24 | Land & Buildings – Exemption & Standard-Rating | | ✓ | | The domestic reverse charge for construction services has been deferred to 1 March 2021. |
| 25 | 25 | Land & Buildings – Option to Tax | | | ✓ | |
| 26 | 26 | Capital Goods Scheme | | | ✓ | |
| 27 | 27 | Transfer of a Going Concern | | | ✓ | |
| 28 | 28 | Groups | ✓ | | | From 1 November 2019 the eligibility rules for VAT groups have changed. Individuals, partnerships and Scottish partnerships are now eligible to join, subject to conditions. |
| 29 | 29 | The Flat-Rate Scheme | | | ✓ | |
| 30 | 30 | Retail Schemes | | | ✓ | |
| 31 | 31 | Farmers' Flat-Rate Scheme | | ✓ | | From 1 January 2021 there will be new entry and exit rules for the scheme. Designated activities turnover cannot exceed £150,000 in order to join the scheme. If turnover exceeds £230,000 they must leave the scheme. Turnover above £85,000 from non-farming activities makes farmers ineligible to join the scheme. |
| 32 | 32 | Charities | | | ✓ | |

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| 33 | 33 | VAT in Company Financial Statements | | | ✓ | |
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