

CROSS BORDER VAT – FA19 CHANGES GUIDE

FA19 Ch	FA18 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	General Principles			✓	
2	2	The EU VAT system			✓	
3	3	Registration			✓	
4	4	Definition of supplies			✓	
5	5	Liability of the supply			✓	
6	6	Schedule 7A - reduced rate		✓		<p>From 1 October 2019 certain types of energy saving materials are no longer reduced-rated and only supplies to qualifying customers will come within the scope of the reduced-rate.</p> <p>Damp proof materials are not liable to the reduced rate (see HMRC Brief 9/18).</p>

7	7	Schedule 8 – zero-rating	✓		<p>The ‘hot takeaway food’ section has been slightly re-written to remove references to legislation before 1 October 2012. There are no technical changes.</p> <p>The EU Commission proposal to tax e-publications at the same rate as printed versions has been approved by the Member States but the UK has not announced any intention to implement this.</p> <p>Added details on the Upper Tribunal decision in Jigsaw Medical Services Limited and HMRC brief 3/19 concerning transport provided in emergency ambulances.</p>
8	8	Schedule 9 - exemptions	✓		<p>Added reference to the Mercedes Benz CJEU case and HMRC’s revised treatment of Personal Contract Purchases (PCP) in relation to a new car.</p> <p>Amended the information on Insurance pension funds to reflect HMRC’s latest policy.</p> <p>The SAE Education case has been added concerning whether a separate trading company could be treated as an eligible body for the purposes of the education exemption where it provided courses in association with a University.</p> <p>Examples of Professionals that are registered under the Health Professionals Order 2001 have been added (in Group 7 on Health and Welfare).</p> <p>Some general removal of changes to legislation where these occur more than 6 years ago.</p>

9	9	Value of the supply			✓	
10	10	Time of supply		✓		The rules on forfeited deposits have changed from 1 March 2019 and details on these changes have been added.
11	11	Input tax : when to recover		✓		The approved list of rates for recovery of VAT on fuel has been updated for claims from 1 June 2019. The Praesto Consulting UK Limited and Becker VAT cases have been added concerning when VAT is incurred for the purpose of the business.
12	12	VAT records and returns	✓			From 1 September 2019 the rules on output tax adjustments for retrospective price reductions are amended. Adjustments can only be made where the customer is given a refund. An entire section has been added on the 'Making Tax Digital' provisions and further details have been added on persons that are 'digitally exempt' from making electronic returns.
13	13	Accounting for VAT		✓		Updated the section on leaving the cash accounting scheme to reflect HMRC's latest position on how a trader accounts for output tax on leaving.
14	14	HMRC powers, appeals and assessments			✓	
15	15	Penalties for inaccuracies			✓	

16	16	Imports		✓		A new paragraph has been added to the input tax deduction section covering imports by non-owners (as per the latest guidance in HMRC Brief 2/19)
17	17	Exports			✓	
18	18	EU Movement of Goods		✓		HMRC's PTU (Personal Transport Unit) address has been updated
19	19	Overseas businesses		✓		Updated information on online seller checks under the Online Marketplaces section has been added FHDDS section has been updated with the latest guidance
20	20	International aspects - services	✓			The anti-avoidance 'looping' planning arrangement effective from 1 March 2019, concerning insurance transactions, has been added The changes to MOSS from 1.1.19 have been added (aimed to reduce the impact on small EU businesses (£8,818 threshold before needing to register))
21	21	Agency			✓	
22	22	Fiscal warehousing			✓	

23	23	Tour operators margin scheme	✓			Deleted all references to the VAT treatment prior to 2010 as no longer required under the syllabus
24	24	Missing trader intra-community fraud		✓		Included reference to the reverse charge and trading in renewable energy certificates from 14 June 2019 and construction services from 1 October 2020 Added EN.SA. CJEU decision concerning fictitious transactions and the authorities right to refuse input tax deduction

CUSTOMS & EXCISE DUTIES – FA19 CHANGES GUIDE

Generally, throughout all chapters, references to CHIEF also now say 'CDS' as the new system is gradually replacing CHIEF

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1	1	Introduction to Customs Duties		✓		<p>Under CDS, it will be a fully digitised service so printed C88s and E2s will no longer be issued. In addition, the C88 'boxes' will no longer exist, and the declaration will consist of 'data sets' instead. A trader will be able to log in and check their deferment statement. C79s will be issued under a different process under the CDS and traders will be able to download them from the system.</p> <p>AEO applications must now be submitted online using forms C117 and C118.</p> <p>The UCC set a time limit of 31 December 2020 for all communications between operators and the Customs Authorities to be electronic but has had to extend the period to 2022 for national electronic systems to be in place and 2025 for trans-European wide systems.</p>
2	2	Prohibitions, restrictions & penalties			✓	
3	3	Types of Duties		✓		Clarification that DDP terms means that the overseas seller clears the goods and completes the C88 and is therefore making supplies for VAT in the UK and will need to register.

4	4	Preferences		✓		<p>17 more GSP countries joined the Registered Exporter's Scheme (REX) from 1 January 2018 and 22 from 1 January 2019.</p> <p>The EU has concluded a preferential agreement with Japan from 1 February 2019.</p>
5	5	Administration and appeals		✓		<p>Rate of interest for underpayments of Customs Duties has gone up from 3% to 3.25%.</p> <p>The 'Right to be Heard' is no longer available to applicants who have been asked to provide relevant information to the Customs authorities, but have failed to do so, resulting in the Customs authorities not being able to accept their application.</p> <p>ADR (Alternative Dispute Resolution) details added which is an alternative to the statutory appeals process.</p>
6	6	Classification		✓		<p>New Tariff (Regulation 1602/2018) included.</p> <p>A BTI can be relied upon for generally 6 months where it is revoked due to it being incompatible with the law, where binding contracts are in place.</p>
7	7	Valuation (1)		✓		<p>No technical changes but some parts of the chapter have been added to/re-written, to aid understanding, and a diagram inserted to summarise additions and deductions.</p>

8	8	Valuation (2)		✓		<p>Some minor parts of the chapter have been added to/re-written, to aid understanding.</p> <p>The Commission published a results document in July 2018 indicating that most respondents to its consultation on the need for BVIs were in favour. The Commission is exploring its next steps and will consult further with member states on the legal basis for establishing a BVI decisions system.</p>
9	9	Inward Processing Relief			✓	
10	10	Customs Warehousing		✓		<p>Customs in the UK generally call public warehouses 'R' (as opposed to the full 'R-public type I' and Private Warehouses 'U' (as opposed to the full 'U-Private').</p> <p>More information added about Temporary Storage.</p>
11	11	Import Licensing		✓		Surveillance licences can usually be extended for specific periods of time if not fully used.
12	12	Tariff Quotas			✓	
13	13	Common Agricultural Policy (CAP)			✓	
14	14	Outward Processing Relief		✓		The UCC has introduced a total relief for products sent for repair to a country with which the EU has concluded an international agreement providing for such relief.

15	15	End Use		✓		<p>Clarification that under the UCC transfers between different End Use authorisation holders is not available and TORO must be used instead.</p> <p>The 'airworthiness certificate' is now called the 'authorised release certificate' and the document is electronic and parts for military aircraft are included from 2018.</p>
16	16	Returned Goods Relief (RGR)			✓	
17	17	Temporary Admission (Temporary Importation Relief)			✓	
18	18	International administration and the WCO		✓		<p>There are now 183 countries in the WCO (was 182).</p> <p>The Harmonized System Review Sub-Committee is now the Harmonized System Revised Sub-Committee.</p>
19	19	Personal reliefs			✓	
20	20	Exports and dispatches to other Member States		✓		<p>The definition of an exporter in Reg 2015/2446 has changed and has been made less restrictive.</p> <p>Authorised consignors can benefit from the use of special seals.</p>

21	21	Processing under Customs Control (PCC)		✓	
22	22	Free Zones		✓	
23	23	Excise Warehousing		✓	Most of the forms, for applying for an Excise Warehouse, can now be completed online.
24	24	Alcoholic Liquor Duties		✓	<p>Rates updated for new cider bands and increased rates on wine (rates not actually in the syllabus but included for completeness).</p> <p>Commission proposal to amend directive 92/83/EEC gives member states until 31 December 2020 to adopt and publish required laws and the measures are due to take effect from 1 January 2021.</p> <p>There are now five bands for cider (previously there were three).</p>
25	25	Tobacco Products		✓	<p>Draft UK legislation concerning 'track and trace' and security features for cigarettes and hand-rolling tobacco was published in early 2019 and is currently being consulted on.</p> <p>Rates updated and are in the Tax Tables.</p> <p>Heated tobacco is brought within the scope of excise duties from 1 July 2019 at a rate of £234.65 per kg.</p>

26	26	Registered Consignees	✓		<p>Clarification that RCs cannot receive goods from UK Registered Consignors.</p> <p>Clarification that if an RC is under the VAT threshold they must voluntarily register for VAT (as VAT registration is a condition of being authorised).</p> <p>Time limit for HMRC processing an RC application has been changed to 45 working days (from one calendar month - in accordance with their practice).</p> <p>Time limit for an RCI application now included (same 45 days as above for RCs).</p> <p>Clarification that a commercial document can be used in place of an SAAD and that the completed HM4 must be returned to Customs within 4 business days of the receipt of the goods.</p> <p>Clarification that RCIs need to be authorised as Tax Representatives for sales to private individuals in the UK (under distance selling).</p> <p>More detail added on Tax Representatives that they are appointed by the vendor in the other member state and that the vendor will likely include the cost of the UK duty in the purchase price.</p> <p>More detail added about duty stamps and for distance sales they must be affixed before they leave the other member state. For RCIs they can affix in the UK within 14 days of arrival.</p>
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