

VAT, IPT AND STAMP TAXES – 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		✓		From 1 October 2019 the reduced rate will no longer apply for the supply and fit of wind and water turbines. Also from that same date there are changes to the rules regarding the supply and fit of other energy-saving materials.
7	7	Schedule 8 – zero-rating	✓			The 'hot takeaway food' section has been slightly re-written to remove references to legislation before 1 October 2012. There are no technical changes. 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. Added details on the Upper Tribunal decision in Jigsaw Medical Services Limited and HMRC brief 3/19 concerning transport provided in emergency ambulances.

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	Deemed supplies and self-supplies			✓	
10	10	Value of the supply			✓	
11	11	Time of supply		✓		The rules on forfeited deposits have changed from 1 March 2019 and details on these changes have been added.
12	12	Input tax : when to recover		✓		<p>The approved list of rates for recovery of VAT on fuel has been updated for claims from 1 June 2019.</p> <p>The Praesto Consulting UK Limited and Becker VAT cases have been added concerning when VAT is incurred for the purpose of the business.</p>
13	13	Partial exemption		✓		The 'looping' anti-avoidance provisions effective from 1 March 2019 have been added to the section covering foreign and specified supplies.

14	14	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.
15	15	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.
16	16	Bad debt relief			✓	
17	17	HMRC powers, appeals and assessments			✓	
18	18	Penalties for inaccuracies			✓	
19	19	Penalties for failure to notify			✓	
20	20	Default surcharge			✓	
21	21	Other penalties, interest and mitigation		✓		Updated to include interest on late payment of certain penalties which apply from 1 June 2019. Added anti-avoidance reverse charge for supplies of renewable energy certificates (from 14 June 2019) and supplies of building and construction services (from 1 October 2020).
22	22	Refunds, repayment supplement and interest			✓	

23	23	Land and buildings: zero and reduced-rating	✓			The Balhousie and Mydibel court cases have been added concerning the 'change of use' provisions when there is a sale and leaseback.
24	24	Land and buildings: exemption and std-rating	✓			New section written on the Domestic Reverse Charge (DRC) that applies to building and construction services from 1 October 2020
25	25	Land and buildings: option to tax			✓	
26	26	Capital goods scheme			✓	
27	27	Transfer of a business as a going concern		✓		Updated section on transfers in and out of VAT groups to reflect HMRC's latest position.
28	28	Groups	✓			Added to the section on refusal to allow VAT grouping, HMRC's latest position, to refuse to allow certain companies to join a group where the essential aim is to disregard supplies from overseas establishments of that company to other VAT group members. Added W Resources plc VAT case concerning holding companies. Revised and updated the section on group supplies using an overseas member to reflect HMRC's latest policy on anti-avoidance.
29	29	Second-hand goods margin scheme			✓	
30	30	The flat-rate scheme			✓	
31	31	Agency			✓	
32	32	Retail and promotion schemes	✓			Added a section on the new VAT treatment of face-value vouchers from 1 Jan 2019.

33	33	Farmers' flat-rate scheme			✓	
34	34	Miscellaneous			✓	
35	35	IPT 1		✓		<p>Removal of historic rates of the standard rate of IPT no longer needed for the exam.</p> <p>Inclusion of the A Ltd v Finland CJEU case that confirms the Kvaerner case. When a company takes out insurance relating to the purchase of shares in another company, in case the seller misrepresents the state of the company, so that the value of the shares in the company are de-valued, you look at where the loss occurs and not the location of the company being bought.</p>
36	36	IPT 2		✓		<p>Clarification that charges made under a separate contract eg one regulated by the Consumer Credit Act are not part of the premium for IPT, even where payments are called 'interest'.</p> <p>Some re-writing of the section on Commissions to aid understanding (no technical changes).</p>
37	37	IPT 3		✓		<p>IPT1 application form for registration can be completed online except for Partnerships, Lloyd's Syndicates or where an agent is used. In these cases, the form must be printed and posted.</p> <p>A new section has been added on refunds and inclusion of the tribunal case of Homecare Insurance, which states that compensation for mis-selling is not a refund of a premium and therefore an IPT reclaim cannot be made.</p>
38	38	IPT 4		✓		Late payment interest rate has risen to 3.25% (from 3%).

39	39	Stamp duty on shares		✓		<p>New SI enacted in March 2019 allowing HMRC the use of a machine to stamp documents.</p> <p>A transfer of a hybrid capital instrument (in s.475C CTA 2009) is exempt from SD.</p> <p>Clarification that purchases of shares in SIPs (eg partnership or dividend shares) are exempt from SD.</p> <p>A targeted market value rule was introduced for listed securities transferred to connected companies from 29 October 2018. The purpose was to simplify stamp taxes on shares and prevent contrived arrangements being used to avoid tax. The tax is charged on the higher of the actual consideration and the market value of the securities.</p>
40	40	Stamp duty land tax		✓		<p>Inclusion of the four conditions to be met before the 3% additional rates are due on the purchase of a residential property.</p> <p>Expansion on the exclusions from the additional 3% rates on the purchases of residential property.</p> <p>Inclusion of ‘granny flats’ and the 3% additional rates and MDR.</p> <p>Shared ownership schemes whereby the person pays the SDLT in instalments can benefit from the first-time buyers’ relief.</p> <p>Expanded section on charities relief and added that if a charity buys a property with another party as tenants in common, relief is available for the charitable element.</p> <p>More detail provided on consideration and when works carried out are included or excluded.</p> <p>Sequence Care Group case added concerning the ‘relievable trade’ exclusion in the legislation for the 15% anti avoidance rate for dwellings.</p>

41	41	SDLT - administration		✓		Time limit for filing return and paying tax is reduced from 30 days to 14 days.
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