

MODULE A – 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).

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			✓	

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	International Aspects - Goods			✓	
20	20	International Aspects - Services		✓		The chapter has been re-written to improve clarity. There are no technical changes.
21	21	Land & Buildings – Zero & Reduced Rating			✓	
22	22	Land & Buildings – Exemption & Standard-Rating		✓		The domestic reverse charge for construction services has been deferred to 1 March 2021.

23	23	Land & Buildings – Option to Tax			✓	
24	25	Capital Goods Scheme			✓	
25	25	Transfer of a Going Concern			✓	
26	26	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.
27	27	The Flat-Rate Scheme			✓	
28	28	Retail Schemes			✓	
29	29	Charities			✓	
30	30	Second-hand goods margin scheme			✓	

31	31	Stamp duty on shares	✓		<p>Note: Temporary changes implemented as a result of COVID-19 are not examinable in the 2021 exams. This applies to all taxes.</p> <p>Where shares are transferred in a target company to an acquiring company, with the acquiring company issuing shares to all shareholders of the target company, they are exempt from SD.</p> <p>Cryptoasset exchange tokens eg bitcoin can be given as consideration for stock and marketable securities. HMRC does not consider exchange tokens to be currency or money so they do not meet the definition of money. They are also not 'stock or marketable securities' either. They can count as the release of a debt.</p> <p>A general market value rule was enacted in 2020 for transfers of unlisted securities sold to a connected company for a consideration. Tax is charged on the higher of the consideration or the market value of the shares. For listed securities the same market value rule applies but here there does not need to be any consideration provided.</p>
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32	32	Stamp duty land tax	✓		<p>Note that although the bands for calculating SDLT have undergone temporary changes due to COVID-19, the rates on the tax tables are the ones to use for the exam. The temporary increases have, therefore, not been included in the manual.</p> <p>A purchase of residential property made by a non-resident (individual or company) on or after 1 April 2021 will have a 2% surcharge (on top of existing rates).</p> <p>As a result of a number of tribunal cases residential properties include a meadow, barn to the side of a house and a public bridleway; a paddock adjoining a cottage and garden; and an equestrian property, with a home office above the garage and a paddock let for a nominal rent. Where grazing animals are kept for leisure purposes the land is residential.</p> <p>From September 2019 payments are made electronically.</p> <p>In the Consultus Care case a property let to carers while there were attending a training course enhanced other aspects of the business and was not therefore used exclusively for a rental business. There was no relief from the 15% rate.</p>
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32	32	...continued				<p>In the Pensfold case an intention to carry on a qualifying trade at the time of purchase is sufficient for the relief from the 15% rate to apply.</p> <p>HMRC has updated their manual and emphasised that just because two transactions are concluded with the same buyer and seller it does not automatically make them linked. HMRC will look at whether they are part of a single bargain or if one transaction is dependent on or affected by another.</p> <p>Multiple dwellings relief can be claimed where a number of residential properties are bought together. In the Flanders tribunal case an annexe connected by a corridor from the main house with no door between the two parts of the property did not constitute two dwellings. MDR is also available for student flats in a single property in certain circumstances.</p> <p>A new section has been written concerning spousal transfers. This is only relevant for students studying for the Individuals APS paper.</p>
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33	33	SDLT - administration		✓		<p>A land transaction return can be amended outside the 12 month time limit in certain circumstances, for example, where rescission takes place more than 12 months after substantial performance.</p> <p>There is no appeal against a Revenue determination, even if the taxpayer would have won. This was the decision of the tribunal in Said Mashoof in February 2020.</p>
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