

AW MODULE A – FA21 CHANGES GUIDE

FA21 Ch	FA20 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	VAT General Principles		✓		An introductory paragraph explains the impact on VAT as a result of the UK leaving the EU (and its transition phase) and how EU law impacts on Great Britain and Northern Ireland from 1 January 2021
2	2	Registration			✓	
3	3	Definition of Supplies			✓	
4	4	Liability of the Supply			✓	
5	5	Schedule 8 VATA 1994 – Zero-Rating		✓		HMRC won their appeal in the case of News Corp. The Court of Appeal held that electronic publications of newspapers were standard rated. (This affects historic claims only)
6	6	Schedule 8 VATA 1994 – Exemptions			✓	
7	7	Deemed Supplies & Self-Supplies			✓	
8	8	Value of the Supply			✓	

9	9	Time of the Supply			✓	
10	10	Input Tax – When to Recover		✓		Advisory fuel rates from 1 June 2021 are included
11	11	Partial Exemption			✓	
12	12	VAT Records & Returns		✓		Businesses under the current VAT threshold will have to use MTD from 1 April 2022
13	13	Accounting for VAT		✓		New rules from 1 April 2022 about repayment interest to align VAT rules with Income Tax. Overpayments of VAT for POA regime are included
14	14	Bad Debt Relief			✓	
15	15	HMRC Powers, Appeals & Assessments		✓		The FA 2021 has amended the rules on third party notices and in certain circumstances the taxpayer cannot be disclosed the notice by the third party. Failure to comply an result in a £1,000 penalty
16	16	Penalties for Incorrect Returns			✓	
17	17	Penalties for Failure to Notify			✓	

18	18	Default Surcharge			✓	
19	n/a	Penalties for late returns and late payment		✓		Added to syllabus for 2022 exams.
20	19	International Aspects – Goods	✓			Due to Brexit, the syllabus has changed, and the chapter has been substantially re-written
21	20	International Aspects - Services	✓			Due to Brexit, the syllabus has changed, and the chapter has been substantially re-written
22	21	Land & Buildings – Zero & Reduced Rating			✓	
23	22	Land & Buildings – Exemption & Standard-Rating		✓		The 5% de minimis rule has been added to the DRC on construction services. If a maximum 5% of the value of the invoice relates to services subject to the DRC, normal VAT rules will apply to the entire invoice
24	23	Land & Buildings – Option to Tax			✓	
25	24	Capital Goods Scheme			✓	

26	25	Transfer of a Going Concern			✓	
27	26	Groups			✓	
28	27	The Flat-Rate Scheme			✓	
29	28	Retail Schemes			✓	
30	29	Charities			✓	
31	30	Second-hand goods margin scheme		✓		A section has been inserted concerning the operation of the second-hand goods scheme in Northern Ireland following Brexit
32	31	Stamp duty on shares		✓		A 'block' transfer stock form can be sent for multiple chargeable transfers (eg on a takeover), with a schedule detailing the duty on each transfer. This aims to ease the administrative burden on taxpayers.

33	32	Stamp duty land tax	✓		<p>The 2% surcharge for purchases of residential property by non-UK residents is imposed from 1.4.21. Details have been included on what makes a person or company non-UK resident and exceptions to the surcharge.</p> <p>The Fish Homes Ltd FTT case of 2020 held that a property with flammable cladding was still habitable as a dwelling and liable to the additional 3% residential rates.</p> <p>In the 2020 case of Moaref, the 3% additional rate applied to the purchase of two apartments which the purchaser intended to combine into one property after their purchase, to live in as their main residence. Neither property was intended on its own to replace their main residence, so no refund of the 3% rate was due.</p> <p>Three FTT cases were joined for an appeal to the Upper Tribunal in 2021 as to what amounts to residential property, when properties are surrounded by land. (Hyman, Pensfold and Goodfellow). Appeals by the taxpayers were dismissed and the residential rates applied to the entire purchase as the land formed part of the garden or grounds. It was not a requirement of the legislation that it needed to be for the reasonable enjoyment of the house having regard to its size or character.</p>
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33	32	Continued...				<p>Where anti-avoidance legislation means that a notional transaction is treated as occurring, then if contingent consideration is never paid by the purchaser a reclaim can be made for the SDLT on that part. [Project Blue 2020]</p> <p>When determining the SLP for partnership transfers to a limited company, you do not include 'connected parties of connected parties'. This was part of the Waterside Escapes Ltd case in 2020.</p> <p>The Doe and Partridge cases in 2021 re-affirm that an annexe can only be a separate dwelling for MDR where the annexe and the main house can both be used as separate dwellings.</p> <p>The 15% rate on high value residential properties will be due on a property rental business where a non-qualifying individual has the right to occupy the dwelling.</p> <p>HMRC has changed its guidance on claiming MDR and whether the 3% surcharge is due on the dwellings. Provided, the amount attributable to the non-residential is not negligible or artificially contrived, then the 3% surcharge is not applied to the dwellings.</p>
34	33	SDLT - administration			✓	