

Constable VAT Consultancy

VAT Focus 5 January 2012

HMRC accepts faster payments

From 16 December 2011 HMRC is able to accept payments made using the Faster Payments Service. This allows taxpayers to make faster electronic payments, typically via internet or telephone banking, enabling them to be processed on the same or next day. HMRC advises you should contact your bank or building society before making a payment to confirm

- the service is available to you,
- whether there are any single transaction or daily limits on the amount you can pay, and
- the latest cut off times for making a payment.

When making a payment to HMRC please use the correct bank account details and reference number. This will ensure that your payment is received by HMRC and will help avoid incurring a penalty, interest or surcharge for late payment.

Withdrawal of Extra Statutory Concessions (ESCs) from 1 January 2012

HMRC has withdrawn a number of its ESCs with effect from 1 January 2012. HMRC has stated that there is no legal basis in EU law which would permit these particular concessions to be introduced in UK legislation. ESC's withdrawn from 1 January 2012 are as follows:

- Connection to the gas or electricity mains supply ([Revenue & Customs Brief 43/11](#))
- Sailaway boats purchased by UK residents ([Revenue & Customs Brief 38/11](#))
- Recharge of non-domestic (business) rates at caravan sites ([Revenue & Customs Brief 37/11](#))
- Recharge of water and sewerage rates at caravan sites ([Revenue & Customs Brief 37/11](#))
- Zero-rating of motor vehicles adapted after initial supply ([Revenue & Customs Brief 41/11](#))
- Zero-rating of parts and accessories for boats supplied for disabled people ([Revenue & Customs Brief 42/11](#))
- Misunderstanding by a VAT trader

Further information on all of the ESCs can be found in the Briefs stated above and in [Technical Note – Withdrawal of extra statutory concessions](#).

Intrastat thresholds and changes to reporting procedures from 1 January 2012

Whilst it was announced in our [VAT Focus 30 November 2011](#) that the Intrastat thresholds will remain unchanged in 2012 from those set in 2011. The following changes will apply for intrastat declarations with a reference period of January 2012 onwards.

- The low value consignment threshold has been increased from £130 to £180

If you are required to provide delivery terms then there are two new delivery terms codes for these purposes:

- DAT (Delivered at Terminal) which replaces DEQ
- DAP (Delivered at Place) which replaces DAF, DES and DDU

For more information see [Revenue & Customs Brief 44/11](#).

Zero rating of 'extra care accommodation'

HMRC has issued [Revenue & Customs Brief 47/11](#) clarifying the VAT liability of the construction and first sale of dwellings that are linked to a separate provision of care, (extra care accommodation). Extra care accommodation refers to self contained flats, houses, bungalows or maisonettes that are sold or let with the option for the occupant to purchase varying degrees of care.

Some planning authorities apply a different 'use classification' to extra care accommodation than that used ordinarily for flats, bungalows, houses and maisonettes. HMRC states that it is satisfied that the classification for planning purposes is not itself determinative as to the nature of the building and does not establish whether buildings are 'designed as dwellings' for the purposes of the VAT zero rate. HMRC accepts that, regardless of use class, extra care accommodation is 'designed as a dwelling', and its construction and first sale or long lease will be zero rated, provided it meets all of the standard conditions for zero rating a dwelling.

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Thinking outside the box