

VAT - Supporting Trade Associations and their Members

When VAT was introduced in 1973 the Chancellor, Anthony Barber, described VAT as a “simple tax”. It may have been in concept, but the reality is that it has evolved into a mature and complex tax. Legislation continually changes, whether as a result of HM Revenue & Customs’ (“Customs”) actions in the Budget, or as a result of High Court, Court of Appeal, House of Lords or European Court of Justice cases, the decisions of which form precedents that taxpayers must follow. Customs’ interpretation of law also changes, sometimes announced in Business Briefs, Information Sheets and Public Notices. There are many instances where the guidance that is published by Customs is unclear and puts the responsibility of interpretation on the taxpayer and its advisers.

One the one hand, some VAT concerns are so fundamental that they affect all businesses; on the other, many sectors are beset by a specific set of VAT issues. So it is that membership organisations such as your own will have VAT concerns/opportunities, whilst your members will likely have a different range of areas where they may require assistance with VAT.

It is not surprising therefore, that taxpayers seek specialist advice to help them identify pitfalls, take advantage of opportunities that arise and help them understand what Customs may be thinking! Some of the services we can offer are as follows:

VAT services

■ Experience, quality of advice and value for money

In our view, the experience of a team, the quality of advice and the value that the advice represents are the most important issues to consider when choosing a VAT consultant. We believe we can impress you on each of these points. SOC VAT consultants had all worked together for a number of years in a top four firm, and have served as VAT officers. Our experience of both the public and professional sector allows us to appreciate how best to advise clients and how to deal with Customs when the need arises.

We advise both small to medium sized businesses, large multi-nationals and have a particular specialism in the not-for-profit sector. Whatever your members are involved in, we believe that we can support you. Our aim, whichever the client, is to provide sound, prompt advice on complex matters in a way that can be easily understood.

The size of our organisation allows us to provide a focused personal service at a fraction of the cost of a large firm. We are completely flexible in our fee structure and contractual approach with professional bodies and their members, in whatever manner best suits.

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■ Professional Body VAT Healthcheck

The VAT liability of income received by professional bodies is a complex area and there have been a number of legal VAT cases on the issue. We can assist with a comprehensive review of your activities and income streams, advising as to requirements for VAT registration, ensuring the correct VAT liability of income and the most beneficial VAT recovery methods.

■ Assisting your members

As a professional body/trade association, you will provide a range of benefits/support to your members. SOC VAT can assist by offering VAT advice to your members, either direct to the members or through yourselves, perhaps offered as a benefit of membership of your organisation.

Ways in which we can help your Members:

Seminars: SOC VAT has experience in attending trade association functions and delivering bespoke VAT seminars, talks etc, focused on the needs of the membership. Such presentations can be interactive in nature and we have received positive feedback from attendees.

Helplines: Given that Customs will not necessarily give the most favourable answer to enquiries, we offer a Help Line service that you and your members can use. We would ordinarily not make a charge for initial quick queries so to encourage issues to be identified. Any work requiring assistance as a result of the telephone conversation would be agreed with you or your member (including an estimate of fees).

We offer healthchecks that look at specific transactions or areas of trade, or checks that cover all issues of the business. The health checks are a very good way of us not only identifying opportunities to save money, but also of reducing the risk of penalties.:

Areas where we can assist Being compliant

There are a number of demands on a business to keep records of transactions, supported by appropriate invoices, agreements, and evidence of delivery etc, in order to comply with Customs' requirements. A simple failure to abide by the regulations could result in an assessment, penalties and interest for the member or even the possibility of criminal prosecution for failing to submit Intrastat declarations.

We can help you ensure your members understand what is required of them and implement systems and due diligence checks appropriately. We can also liaise with Customs officers in order to confirm the VAT treatment of supplies by and to the business, and attend inspections if required.

■ Minimising the VAT cost

All businesses have a VAT cost, whether incurred in connection with their exempt or non-business activities or simply VAT relating to business entertaining.

We can assist your members in identifying ways of reducing the VAT cost to their business where possible, or managing cash flow appropriately. We would consider issues such as partial exemption and business/non-business methods and whether the accounting system is efficient and identifying recoverable VAT at the optimum time. We would also look at VAT-group structures to see if VAT costs could be mitigated, or if there are ways to improve cash flow.

■ Dealing with HM customs and Excise

We appreciate that dealing with VAT officers can be a daunting and frustrating experience for some businesses. There is always the worry that your member might not say or write the right thing and that this could lead to an assessment or decision that cannot be relied upon.

We understand Customs very well and specialise in negotiating matters with them, whether a VAT liability question, an officer's inspection, or managing an appeal against a decision through the relevant court procedures. We have undertaken successful Tribunal appeals for clients and appeals on the grounds that (previous) Customs visiting officers had misdirected the business. Another service we can offer is to undertake a pre-inspection check of the client in order to identify issues that can be voluntarily disclosed to an officer in order to avoid a possible misdeclaration penalty.

■ Land and property deals

Land and property deals involve significant amounts of VAT and hence the potential for a significant cost if legislation is not interpreted correctly. However, these transactions can also provide the opportunity for substantial savings.

We regularly review land and property deals to confirm the treatment is correct. For example, we often assist in respect of construction projects for not-for-profit organisations where VAT is to be charged by the contractor and identify that some or all of the works can be VAT free. Another area that is often overlooked when considering such transactions is the application of the transfer of a going concern provisions

■ International services and supplies of goods

Supplies of services and goods between EU countries and EU and non-EU countries can be complex. For example, the supply and installation of goods has a different treatment to a straightforward supply of goods from one country to another. Some transactions can give rise to an exposure to register for VAT in other countries.

We can provide advice on the treatment of international transactions, alternative structures if available to mitigate any exposure and assist with any registration requirement.

■ Training courses

One of the most successful ways of identifying VAT issues and saving opportunities is by training staff.

We can devise and deliver introductory courses and also bespoke courses tailored to suit your members' needs. Courses can be structured to include basic VAT refreshers, areas of technical difficulty according to the business sector, and even a section on handling VAT inspections. Our courses are designed to be interactive and we have received very positive feedback from attendees.

■ SOC VAT Contacts

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