



## New Senior Manager!

We're delighted to announce another exciting addition to the VITA team, with Jennifer Lockhart joining us from the start of June 2024. This cements us as being one of the largest independent VAT advisory teams in the UK.

Jennifer brings close to 20-years of experience, and has worked with Greg for over 5-years in previous employment. We're sure you'll join us in welcoming Jennifer to the firm.

## Deal or No Deal

VAT and deal fees has been a contentious area for decades, with HMRC arguing that the only thing you can do with a company share is sell it... as that sale is exempt, they believe that any deal fees relating to the sale must be blocked from recovery.

Hotel la Tour changed that when they won at the First Tier and Upper Tribunals - arguing that there should be a look through test and if shares are sold to raise funds for future taxable activities, then the VAT should be recoverable as it would relate to those future activities and you can look past the immediate exempt sale.

European case law would back up this theory, but sadly HMRC have appealed and won at the Court of Appeal. The cloud of uncertainty remains and we're back to square one.

We expect Hotel la Tour will appeal to the Supreme Court, and it's one we await with interest.

In the meantime there is a blue print on deal fees and how to maximise the chance of VAT recovery. As always, the earlier you consider it the better - please get in touch if this is something of interest.

## Carbon Credits

HMRC have recently announced a change to the VAT treatment of voluntary carbon credits, which are currently treated as outside the scope of UK VAT. When they were first introduced, HMRC's opinion was that they could not be incorporated into an onward supply and there was no evidence of a secondary market. However changes in the market have meant HMRC have re-evaluated this and as of 1 September 2024 certain trades of voluntary carbon credits will now be standard rated.

There will be some activities that will still be outside the scope of VAT, these are confirmed by HMRC as:

- the first issue of a voluntary carbon credit by a public authority
- the holding of voluntary carbon credits as an investment, where there is no economic activity
- donations made to voluntary carbon credit projects
- sales of voluntary carbon credits from self-assessed projects with no independent or third-party verification

Finally HMRC confirmed as of 1 September that it will allow the Terminal Markets Order VAT relief to apply to voluntary carbon credits traded on terminal markets, meaning these contracts to be eligible for zero-rating.



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