



Expecting Visitors

As part of new measures being put in place by the Chancellor to help HMRC close the UK's tax gap it has been announced that HMRC are planning to recruit an additional 5,000 compliance officers. This announcement comes as part of a broader package of reforms by the Chancellor aimed at helping to modernise the UK tax system and reduce the UK tax gap, which is a priority for the Government.

With this increase in compliance staff, we expect that HMRC will look to enhance its capacity to monitor, audit and enforce tax regulations across the UK.

Whilst not all will join at once, they have announced that the first batch of training will commence in November, and that a total of 450 letters have already been dispatched to potential hires. The training will aim to equip the new recruits with the necessary skills and knowledge to effectively carry out compliance checks and ensure that businesses and individuals adhere to their tax obligations.

As a result we can expect more HMRC site visits in the future and now is the time for organisations to sort their compliance. Any complex traders who have not been reviewed for some time should consider a VAT review.

Devil's in the Detail

A recent Upper Tribunal case saw TalkTalk, the supplier of phone TV and broadband services, challenge an assessment on how they had calculated VAT on contracts offering a prompt-paying discount through a promotion for "Speedy Payment".

Between 1 January and 30 April of 2014 TalkTalk offered most of their customers a 15% "Speedy Payment" discount to those who paid their bill within 24 hours. Only around 3% of customers actually did this and received the discount.

While the VAT Act 1994 does allow for consideration to be reduced for prompt payment, TalkTalk were arguing that the VAT was only due on the lesser amount for all payments, accounting for VAT only on the discounted amount for all customers, regardless of whether they had actually paid the bill within 24 hours or not.

A change of UK VAT law on 1 May 2014 meant that only this initial period was in question, until this change paragraph 4 of schedule 6 of VAT Act 1994 advised *"Where goods or services are supplied for a consideration in money and on terms allowing a discount for prompt payment, the consideration shall be taken for the purposes of section 19 as reduced by the discount, whether or not payment is made in accordance with those terms"*

As TalkTalk had never updated its contracts to note this discount, both the FTT and subsequently the UT found that this was actually a post-supply rebate of the consideration already due. The result being that TalkTalk were liable to pay the amount assessed by HMRC which was over £10m.

With the above news of HMRC recruiting so many new compliance officers, cases like this stand to show the importance of regularly reviewing an organisation's activities and especially those like TalkTalk who are applying VAT law to reduce their VAT bill.

Home Comforts

We're a month into our new home at Baltic Chambers, and now have most of our furniture, branding and home comforts, in place and have had the pleasure of welcoming a few of our clients for meetings already. We hope to see many more of you here in the coming months, but in the meantime why not [click here](#) to see how it's looking!



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