

15% VAT rate – Further developments

HMRC has issued further guidance on the implications of the temporary reduction of the VAT standard rate to 15%. The principal announcement is an extension of the time limit (from 14 to 30 days) for using a post-supply VAT invoice to create a new tax point for supplies made between 18 and 30 November 2008. There is also additional guidance on: use of electronic cash registers; the changes to the flat rate scheme; the issue of credit notes for supplies made before the rate reduction; and the implications for import VAT guarantees.

Pre-Budget Report 2008: temporary reduction in VAT rate - anti-forestalling measures

In a Ministerial Statement, the Financial Secretary to the Treasury (Mr. Stephen Timms) on 25 November 2008 announced that the Finance Bill 2009 will contain 'anti-forestalling' legislation to ensure that the VAT rate changes announced are fully effective but not used to gain an artificial advantage. The anti-forestalling measures will apply from 25 November 2008 so that, in certain circumstances, supplies with a basic time of supply after the VAT rate increase takes effect on 1 January 2010 will be taxed at the rate of VAT in force at that time and not the lower rate. Draft legislation is to be made available for comment as soon as possible.