

HMRC publishes draft anti-forestalling legislation for return to 17.5% standard VAT rate

In anticipation of the standard rate of VAT reverting to 17.5% on 1 January 2010, HMRC has announced its proposals for 'anti-forestalling' measures which are intended to prevent 'abuse' of the 15% rate, in particular where purchasers of goods and services are unable to recover input VAT in full. The measures are principally intended to prevent an advantage arising from the creation of a tax point by issue of an invoice or payment in 2009 if performance of the supply will not be completed until 2010. The measures are not intended to affect normal commercial transactions, and HMRC is seeking examples of genuine situations which might be inadvertently affected. Businesses should begin considering the wider implications of the forthcoming change in VAT rate, and make submissions to HMRC where appropriate (comments are requested by 10th April 2009).

**WE HOPE YOU FIND THIS NEWS ARTICLE HELPFUL. IF YOU WOULD LIKE TO REGISTER TO RECEIVE
FUTURE UPDATES BY EMAIL THEN PLEASE SEND A REQUEST TO**

info@4eyesltd.co.uk

This VAT update is published for the general information of 4 Eyes Ltd personnel, clients and contacts. It provides only an overview of the rules and regulations in force at the date of publication, and no action should be taken without consulting the detailed legislation or seeking professional advice. Therefore no responsibility for loss occasioned by any person acting or refraining from action as a result of the material contained in this e-mail will be accepted by the authors or the firm.