

HMRC issues guidance on trading overnight when the VAT rate returns to 17.5%

HMRC has issued a Press Release and Revenue & Customs Brief 68/09 announcing that retail businesses trading overnight on 31 December 2009 will be permitted to continue to account for VAT at 15% until the earlier of 6 am and the close of trading. The 15% rate will therefore apply to telecoms charges for calls and texts made and billed in the early hours of 1 January 2010. The 15% rate will not apply to businesses which account for VAT on an invoice basis, on-line or mail order sales, coin-operated machines, prepayments for supplies to be made after 6 am on 1 January and supplies which would be caught by the anti-forestalling provisions. HMRC is to apply a 'light touch' to errors where there is no net VAT loss.

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