

Partial Exemption - Changes to Standard Method

HMRC have announced four changes to the partial exemption standard method to take effect from 1 April 2009:-

- (i) In-year provisional recovery rate.
- (ii) Early annual adjustment.
- (iii) Use - based option for new partly exempt businesses.
- (iv) Widening the scope of the standard method.

The changes are being made following responses to the consultation on ideas to simplify the partial exemption rules which received strong support.

The first three changes are optional and businesses can benefit from them without seeking approval from HMRC whereas the fourth change is compulsory and affects businesses that make supplies of services customers outside the UK, certain financial supplies such as shares and bonds and supplies made from establishments located outside the UK.

Further information concerning these changes can be found in VAT Information Sheet 04/09.

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