

VAT partial exemption override notice does not establish a use-based method to be adopted
Loughborough University [2009] UKFTT 91 (TC)

The Tribunal has ruled that HMRC's acceptance of the reasons given by a taxpayer issuing a 'special method override notice' (SMON) does not establish the partial exemption method to be applied going forward. Pending agreement of a new method, acceptance of the SMON indicates only that HMRC agrees in principle that the existing method does not yield a fair and reasonable result. The taxpayer is required to apply an unspecified 'use-based' attribution and it remains open to HMRC to agree or dispute the outcome of the taxpayer's attribution.

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