

Reversion of standard VAT rate to 17.5%

HMRC has sent a message concerning the change of rate:

“As you are aware the standard rate of VAT will revert to 17.5% on 1 January 2010. HMRC are aware that this date may create some particular difficulties for businesses that remain open after midnight on 31 December in having to cope with two different VAT rates in a single trading day. As the Financial Secretary to the Treasury stated in the Committee of the whole House on the Finance Bill on 12 May:

"Her Majesty's Revenue and Customs will allow a few hours' grace for businesses such as pubs and clubs, which will serve customers over midnight on 31 December, to enable them to charge the same 15 per cent, for a session that goes beyond midnight into the early hours of 1 January. HMRC will work with businesses on the details, but I think that that will address the concern."

Although the Financial Secretary specifically cited pubs and clubs as examples of businesses that are likely to have problems in coping with a midnight rate change we would be interested to hear about other business sectors that may face similar difficulties and we would be interested in your views.

Way forward

If you are likely to be affected and would like us to liaise with HMRC on your behalf then please email Phillip Henwood (phenwood@4eyesltd.co.uk) with relevant details.

**WE HOPE YOU FIND THIS NEWS ARTICLE HELPFUL. IF YOU WOULD LIKE TO REGISTER TO RECEIVE
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