

Securities in respect of releasing a VAT credit

We have given you this factsheet because you have asked us to release a Value Added Tax (VAT) credit to you, and we have agreed to do so on condition that security is given. If you have a tax adviser, you may want to talk to them and show them any correspondence that we have given you.

VAT law allows us to require a taxable person to give an amount of security if we believe that a large or unusual VAT repayment claim made by that person represents a risk to us and we need time to check the claim. The relevant tax law is set out in paragraph 4(1A) of Schedule 11 to the VAT Act 1994.

What a taxable person is

A taxable person is a person or business that is registered or required to be registered for VAT as set out in section 3(1) of the VAT Act 1994.

Who we can ask to give security

It is the taxable person who must give the security.

The notice of requirement to give security

If we require a taxable person to give security, we will issue them with a notice of requirement. This will show the amount of security required, and when it is required. It will also show the way in which the security must be given.

When we may issue a notice of requirement

If a taxable person makes a large or unusual claim for a VAT credit that we need time to verify, we usually withhold payment of the credit until our checks are complete. However, if a taxable person asks us to release the VAT credit before our checks are complete, we may do so on the condition that they give security first.

Before we issue a notice of requirement, we will write to the taxable person confirming:

- that we will release the VAT credit before we have completed our checks into it - subject to them giving security
- the amount of the security required
- the acceptable forms of security.

If the taxable person agrees to give security on this basis, we will then issue a notice of requirement.

What happens if you do not give security in full

Once we issue a notice of requirement, the security must be given in full before we will release any of the VAT credit to you. If the security is not given in full, we will not release the VAT credit until we have checked and agreed the claim.

How much security will be required

The amount of security we may require from you will be no more than the amount of the VAT credit that we are considering releasing.

If you need help

If you have any questions about securities, please contact the officer that wrote to you.

Customers with particular needs

If there is anything about your health or personal circumstances that may make it difficult for you to deal with this matter, please tell the officer that gave you this factsheet. Telling them will mean that they can help you in the most appropriate way.

For example, if:

- English is not your first language
- you would like us to use a certain format to communicate with you, for example, Braille, large print or Text Relay
- you would like us to visit you at home because it is difficult for you to get to one of our offices.

For more information go to

www.hmrc.gov.uk/contactus/particular-needs.htm

What if you are unhappy with our service

If you are unhappy with our service, please tell the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain.

There is more information on our website. Go to www.hmrc.gov.uk/complaints-appeals/how-to-complain/make-complaint.htm

Forms of security that we will accept

We will only accept the following forms of security:

- a guarantee in the form of a performance bond, authorised and approved by a financial institution
- a payment into a bank account held in the joint names of the taxable person and HMRC. If this option is used, you will not be able to make any withdrawals from this account without our approval.

We cannot accept property or items such as high value motor vehicles or boats as security.

If you need further information about the acceptable forms of security, please contact the office that has sent this factsheet to you.

How long we will hold the security for

We will hold the security until we have finished checking the claim to the VAT credit.

Using the security

If we find that you were not entitled to some or all of the VAT credit, we may use some or all of the security to recover the credit already released to you.

What if you agree to give security and then change your mind?

When you agree to give security, we will issue you with a notice of requirement. If you then change your mind and do not want to give the security you need to tell us. We will withdraw the notice of requirement and continue checking the VAT credit claim.

We will not release any repayment until our checks are finished.

How to pay a security

Where we have issued a notice of requirement as a condition of releasing a VAT credit, we can only accept the two methods of payment described under the heading *Forms of security that we will accept*.

Please contact the office that gave you this factsheet for more information.

Your principal rights and obligations

- You have the right to be represented. You can appoint anyone to act on your behalf. This includes professional advisers, friends, and so on.
- You have the right to consult your adviser. We will allow a reasonable amount of time for you to do so.
- We will protect information we obtain, receive or hold about you.
- You have the right to complain if you believe that we have not treated you fairly.
- You have an obligation to take care to get things right.
- If you have an adviser, you must still take reasonable care to make sure that any returns, documents or details they send us on your behalf are correct.

Your Charter explains what you can expect from us and what we expect from you.

For more information go to www.hmrc.gov.uk/charter

Authorising a representative

You can authorise someone to deal with us on your behalf. This includes professional tax advisers, friends or relatives.

If you want to authorise a professional tax adviser, they will be able to give you a form to complete and send to us. If you want to authorise someone other than a professional tax adviser, you will need to write to tell us who you want to authorise and what you want them to deal with for you.

This factsheet is one of a series

For the full list of our security factsheets, go to www.hmrc.gov.uk/securitydeposit

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

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