

Minutes of the 112 JVCC meeting held on 13 May at 15:00

Microsoft Teams video/audio conference

	Agenda Item 1: Welcome and introductions	Emily Antcliffe
--	---	------------------------

Emily Antcliffe (EA) welcomed everyone to the meeting and introductions were made.

	Agenda Item 2: HMRC's COVID-19 response	Emily Antcliffe
--	--	------------------------

EA started off the meeting to say that it's been a really challenging time for HMRC, there is a lot going on across all fronts and wanted to thank JVCC members for their valuable input and support and would like to continue to work together as effectively as we can during these unprecedented times.

EA provided a brief overview on some of the key topics that have been of interest to JVCC members in recent times, such as calculating VAT returns and delayed VAT payments. The full guidance on this can be found on GOV.UK by searching for "vat deferral".

	Agenda Item 3: EU Transition	Mike Cunningham
--	-------------------------------------	------------------------

Mike Cunningham (MC) explained that we entered a transition period on 1 February 2020. During this period all existing VAT rules and regulations continue to apply, subject to any general rule changes during 2020 which will be communicated in the normal way. The government has been clear that the UK will not extend the transition period. This gives businesses certainty and allows the UK to negotiate its future relationship with the EU.

MC said that the government is clear that the UK is leaving the single market and customs union. We start off by sharing the same regulatory structure and the Government has said we would not diverge for the sake of divergence. On future regulatory changes, we would consult and engage with business in the usual way.

At Spring Budget 2020 the Government launched a formal consultation on the potential approach to duty-free and tax-free goods arising from the UK's new relationship with the EU after the transition period. At the same time, an informal consultation on the VAT treatment of goods, including those entering the UK from overseas, was launched.

Clearly the COVID-19 situation has had an impact on all such consultations, particularly in terms of how they are carried out. In response to questions about extending these consultations the Financial Secretary to the Treasury, the Rt Hon Jesse Norman MP, released a [Written Ministerial Statement](#) on 28 April stating that the EU exit transition period will end on 31 December 2020, as planned. As such, the consultations on duty-free and tax-free goods carried by passengers and the VAT treatment of goods, including those entering the UK from overseas will continue to the existing timetable. This is to provide businesses with clarity as early as possible on the policies that will apply from 1 January 2021. It will also give businesses enough time to prepare and ensure the right legislation is in place for 1 January 2021.

Discussions between the UK and the EU continue, these have also been successfully adapted to the new situation.

The Commission has proposed a six-month delay of the 2021 eCommerce package changes, due to the Covid-19 impact. https://ec.europa.eu/taxation_customs/news/taxation-commission-proposes-postponement-taxation-rules-due-coronavirus-crisis_en

This will still need to be agreed by the EU Member States.

	Agenda Item 4: COVID -19 open forum	All
--	--	------------

EA invited members to an open discussion on VAT and COVID-19 with Alomgir Ali (AA), Eileen Patching (EP) and David Millar (DM) answering questions. Some of the key topics of discussion were:

VAT payments deferral scheme:

- There are no plans to extend the VAT payments deferral scheme at this time although the Chancellor will keep this under review.
- You opt into the scheme simply by not making the payment that is due with VAT returns in the deferral period.
- VAT Repayments should not be offset against the deferred amount. HMRC will offset repayments against any existing debt before the announcement but not against any VAT deferred through the announcement. There have been some issues with this and guidance will be issued for any affected businesses about what to do if a repayment has been offset.
- Further guidance will be published in due course about how business can pay any VAT that has been deferred.

Estimation of VAT returns

- Businesses must continue to submit VAT returns as normal and may only estimate when they have permission from HMRC. Business as usual rules apply so, if a business believes it has reasonable excuse because of COVID-19 then businesses can raise this with HMRC.

AP1: DM to collate metrics in relation to estimation enquiries and requests and review the customer journey for consideration.

AP2: JVCC members to feedback any volumetric information where submitting VAT returns in the normal way is an issue.

Posting forms/mail to HMRC

Members suggested having a single point of contact email because it's extremely difficult with sending and receiving post at this time. For example, overseas taxpayers in a repayment situation are reporting that they are not receiving their payable orders/cheques due to various office closures and lockdowns.

DM explained that his team have set up a working group to review all of the current VAT user journey's and processes that are impacted by COVID-19.

HMRC have temporarily changed the rules already in certain processes, for example:

- Error Corrections can only be emailed to us at present.
- For land or buildings option to tax decisions made between 15 Feb 2020 and 31 May 2020, HMRC has extended the notification period to 90 days. In addition, if you are

notifying HMRC that you have made a decision to opt to tax land and buildings you will temporarily be allowed to submit the 1614A form digitally.

DM welcomed feedback from members on operational aspects as the working group continue to explore alternative processes.

Student Accommodation

A member raised an issue that new student accommodation is zero-rated, but in some circumstances there's a clawback – a VAT liability – if it is let out for non-student use. This is an obstacle to universities and others letting it to 'key workers' etc. Both BUFDG and the BPF have already submitted papers mentioning this.

EP advised that HMRC is still reviewing the legal and technical aspects of the issue raised – would welcome further examples.

Partial Exemption methods

Several members discussed the impacts of COVID-19 on partial exemption methods and asked whether guidance is planned to minimise the need for businesses to contact HMRC.

AP3: Members to provide examples in more detail to JVCC secretariat and HMRC will look into this.

HMRC Operations

DM explained that the impacts of COVID-19 have been challenging in operational areas such as the VAT helpline. Call answering times increased at the beginning. However, teams have run a number of successful pilots and staff are now able to take calls from their homes. HMRC is hoping to meet the usual target of 95% calls answered within 5 minutes over the next few weeks.

	Conclusion	Emily Antcliffe
--	-------------------	------------------------

EA summarised today's discussion and confirmed we are planning another meeting in September 2020. There will likely be an element of remote activity and welcomed members feedback on the use of Video/Audio and engagement tools from today's meeting.

EA also asked members to continue to share their thoughts and insight via the JVCC secretariat as we continue to find their engagement incredibly helpful.

Appendix A

JOINT VAT CONSULTATIVE COMMITTEE (JVCC)

(Meeting number 112)

13 May 2020, 15:00- 16:30.

Microsoft Teams video/audio conference

Attendees	
Anshita Joshi	The Investment Association
Dean Carey	The Association of Chartered Certified Accountants
Lee Hurst	One Hundred Group
Fiona Heron	The Confederation of British Industry
Richard Wild	The Chartered Institute of Taxation
Jayne Simpson	The Chartered Institute of Taxation
Linda Skilbeck	The Chartered Institute of Taxation
Nick McChesney	Institute of Chartered Accountants in England and Wales
Susan Cattell	The Institute of Chartered Accountants of Scotland
Mark Hammond Giles	Confederation of British Industry
Martin Scammell	British Property Federation
Nancy Cruickshanks	Association of Tax Technicians
Nic Davison	Chartered Institute of Management Accountants
Phillip Ford	Association of International Accountants
Ruth Corkin	VAT Practitioners Group
Graham Elliott	Charity Tax Group

HMRC / HMT	
Emily Antcliffe	Indirect Tax Directorate

Eileen Patching	Indirect Tax Directorate
Alomgir Ali	Indirect Tax Directorate
Jonathan Heath	Indirect Tax Directorate
Catherine Flynn	Indirect Tax Directorate
David Millar	Business, Tax and Customs Directorate
Mike Cunningham	HMT