



VAT: Mandatory online filing of VAT returns

Who is likely to be affected?

VAT registered businesses who believe they are unable to submit their VAT returns online.

General description of the measure

UK law will be amended to set out the exceptional circumstances in which HM Revenue and Customs (HMRC) will allow VAT registered businesses to submit VAT returns by telephone or paper.

Policy objective

To ensure that the vast majority of businesses continue to submit their VAT returns online as currently required but that HMRC provides alternative options where necessary to ensure compliance with the European Convention on Human Rights, the Human Rights Act and the Equality Act.

Background to the measure

This measure was announced at Autumn Statement 2013. A consultation document, VAT: Amendments to legislation - assistance with electronic filing of VAT returns was published on 20 December 2013.

The Government's response to this consultation was published on GOV.UK website on 22 April 2014. That response incorporated a further technical consultation to establish whether proposed changes to VAT law would achieve the intended result. That further consultation period ended on 23 May 2014. HMRC has considered responses and will be publishing a further Summary of Responses document on GOV.UK.

Detailed proposal

Operative date

Changes to the VAT Regulations 1995 (SI 1995/2518) will take effect from 1 July 2014.

Current law

UK law provides for online filing of VAT returns under Regulation 25A of VAT Regulations 1995.

Proposed revisions

Secondary legislation will amend the VAT Regulations 1995 to:

- Enable HMRC to make a direction to approve telephone filing as an alternative form of electronic return system that will be available for use by authorised businesses (businesses that satisfy HMRC that they meet certain criteria).
- Provide an exemption from electronic filing (including telephone filing) for businesses which satisfy HMRC that it is not reasonably practicable for them to use either online channel. Such businesses will be able to file on paper.

Summary of impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19
	Nil	Nil	Nil	Nil	Nil
	This measure is not expected to have an Exchequer impact.				
Economic impact	The measure is not expected to have any economic impacts.				
Impact on individuals and households	There will be no impact on the vast majority of individuals or households.				
Equalities impacts	To the extent that they address perceived breaches of the ECHR, the changes will make our Regulations more compatible with the Equality Act. They will enable us to enhance accessibility by offering alternative channels.				
Impact on business including civil society organisations	The measure is expected to have a negligible impact on businesses and civil society organisations. A maximum of around 1,000 businesses are expected to be affected by the measure, and any one-off familiarisation costs or ongoing costs or savings are expected to be negligible.				
Operational impact (£m) (HMRC or other)	Access to alternatives to the current method of electronic filing is restricted to businesses who have difficulties in filing electronically as currently required. Therefore, there will be no significant operational impact.				
Other impacts	Other impacts have been considered and none have been identified.				

Monitoring and evaluation

The take-up of alternatives to the current method of online filing will be monitored using information collected by HMRC contact centres and through communication with affected taxpayer groups.

Further advice

If you have any questions about this change, please contact John Bryning on 03000 540786 (email: john.bryning@hmrc.gsi.gov.uk).

Declaration

David Gauke MP, Exchequer Secretary to the Treasury has read this Tax Information and Impact Note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.