

Moore Stephens warns on VAT registration threshold changes

International accountant and shipping consultant Moore Stephens has highlighted an imminent change to VAT rules by the UK government which could have significant implications for the shipping industry.

With effect from 1 December 2012, the UK government will remove the VAT registration threshold for non-UK-established businesses, bringing UK law into line with EU law. Businesses without a UK establishment which make taxable supplies of goods or services in the UK will no longer benefit from the UK VAT registration threshold, and will have to register for VAT regardless of the value of taxable supplies they make in the UK.

Moore Stephens Associate Robert Facer says, "This is a significant change to the rules, which have allowed non-established businesses to sell goods and/or services in the UK with a value of up to £77,000 in any 12-month period, before having to register. The new rules could affect a wide range of businesses, including those in the shipping sector. For example, an overseas business making one-off or occasional sales of goods in the UK will have to register, as well as those with more frequent UK sales. However, sales of goods and services where the business customer is responsible for the VAT accounting (so called 'reverse charge' supplies) do not count. A streamlined online service for VAT registration, deregistration and business variation has been introduced, in the interests of providing quicker and more accurate processing."

Meanwhile, another change to VAT rules, which will take effect on 20 December 2012, will affect both suppliers and business recipients of freight transport and related services which are physically performed outside the EU. As a result of EU-wide changes enacted on 1 January, 2010, UK VAT became due on supplies of freight transport received by UK businesses even where the service physically took place wholly outside the EU. The UK government introduced a temporary easement to restore the pre-1 January 2010 position, and legislation has now been enacted to formalise this, following an informal consultation period.

● Moore Stephens LLP is noted for a number of industry specialisations and is widely acknowledged as a leading shipping and insurance adviser. Moore Stephens LLP is a member firm of Moore Stephens International Limited, one of the world's leading accounting and consulting associations, with 636 offices of independent member firms in 100 countries, employing 21,197 people and generating revenues in 2011 of \$2.3 billion.

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