

Minutes of the 108th JVCC meeting held on 14 February 2019 13:30

HMRC, Room 3/56, 100 Parliament Street, London, SW1A 2BQ

	Agenda Item 1: Welcome and introductions	Sally Beggs
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Sally Beggs (SB) welcomed everyone to the meeting and introductions were made.

	Agenda Item 2: Minutes of Last Meeting	Sally Beggs
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The minutes of the meeting held on 11 October 2018 were agreed. The action points from the October meeting were reviewed and closed.

The outstanding technical questions arising from the December and January Extraordinary JVCC EU Exit SI meetings were answered.

	Agenda Item 3: EU Exit Update	Various
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Mike Cunningham – Current overall position

Mike Cunningham (MC) gave an update on EU Exit developments since the last meeting. The government is working on the basis of getting a deal, but government departments and stakeholders also continue to focus on Day One No Deal ('D1ND') planning.

Alice Dowswell – Parcels and Packages update (no deal preparations)

Alice Dowswell (AD) provided an update on parcels. The parcels online service went live on 14 February allowing overseas sellers to register for the new service. Overseas sellers will be responsible for paying Import VAT on parcels up to and including £135 in value, in a no deal scenario.

HMRC is developing more detailed guidance for parcel operators.

Current priorities are communication, guidance and stakeholder engagement.

HMRC is also happy to support events being held by members.

Dot Moules - Legislation

Dot Moules (DM) confirmed that the SIs shared with JVCC members in January were laid in Parliament.

Two further SIs were laid:

- The Taxation (Cross-border Trade) Act 2018 (Value Added Tax Transitional Provisions)(EU Exit) Regulations 2019
- The Value Added Tax (Input Tax)(Specified Supplies) Regulations 2019

DM summarised the arrangements for supplies of goods and services spanning EU Exit in relation to the transitionals SI and explained that the Specified Supplies SI effectively retains the status quo, ensuring that post EU exit, input tax cannot be reclaimed on financial services in relation to supplies to UK customers.

Future SIs will cover further miscellaneous amendments not included in the Value Added Tax (Miscellaneous Amendments and Revocations)(EU Exit) Regulations 2019, and further transitional provisions.

Susan Cattell (SC) raised a question regarding pension fund management changes and whether there would be a lead in period, as the Value Added Tax (Finance)(EU Exit) Order 2019 has immediate effect from Exit Day.

Barbara Farndell (BF) explained that it is necessary to make these changes with effect from Exit Day because, if the UK leaves the EU without a deal, businesses would lose their entitlement to exempt these services under direct effect. Although these changes were originally only intended to come into effect in the event of a D1ND scenario, consideration was now being given to bringing them in regardless of how the UK leaves the EU. This would remove the current uncertainty for businesses and ensure that UK law is compliant with EU law during an implementation period. If JVCC members have particular concerns about the implications of this for businesses at an industry level, they should contact Nayim Kadri (nayim.kadri@hmrc.gsi.gov.uk). If the concerns are business specific, the business should contact their CCM in the first instance.

Neil Hedger – D1ND Planning

Neil Hedger (NH) explained that HMRC is working on preparing the public notices, guidance and policy manuals on gov.uk, which will be ready to be published on exit day in the event of D1ND.

Operational guidance and training material is currently being developed for customer facing teams to help them explain to our customers what the changes mean and to resolve anticipated queries.

Within Indirect Tax, in the event of D1ND, plans are in place to prioritise support for our customer facing colleagues to be able to provide quick advice in real time.

NH explained that whilst the focus is on D1ND planning, consideration is also being given to plans and actions required in the event that there is a deal.

JVCC Feedback

Judith Barnes (JB) asked whether an FAQ or guidance will be made available to businesses. NH explained that the route for businesses to field queries would be via the usual routes such as the call centres and CCM's.

Members would welcome an 'FAQs on Brexit' on the HMRC website.

AP: SB asked members to feedback their top 10 questions by 22 February.

	Agenda Item 4: Making Tax Digital For VAT	Verna Gellvear
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Verna Gellvear (VG) explained that she has taken over from Heather Elliot, who has moved to another role.

VG shared an update from the JVCC sub group meeting held on 7 February. The full update is included within the annex of these minutes which includes information on the pilot, communication, software development, penalties and guidance.

VG advised members that overseas agents that do not have an overseas address cannot sign up to MTD at the moment.

Linda Skilbeck (LS) explained that the system does not allow users to make changes to the software they have chosen when signing up to MTD. VG explained that it shouldn't affect the use of the system providing that they are using an API.

Nancy Cruickshanks (NC) raised an issue regarding the helpline where the voice recognition software does not recognise Making Tax Digital or MTD. VG will clarify the position

AP: VG to clarify whether the MTD helpline uses voice recognition software.

AP: VG clarify whether MTD will accept multiple payments on a single return.

	Agenda Item 5: HMRC Operational Update	David Millar
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David Millar (DTM) provided an update on the progress of the Connecting Customer Services project.

DTM took the committee through the operations performance dashboard and advised the committee of staff relocation currently taking place. The operational performance team are currently working on a new dashboard which should be available by the next JVCC meeting.

Graeme Elliott (GE) raised a question relating to Option to Tax (OTT) enquires arising after deregistration and whether those enquires could be dealt with either before or at the time of deregistration. DTM explained that there are plans to change the functionalities of the system which will deal with OTT at deregistration.

Nancy Cruickshanks (NC) provided feedback on issues with the error correction and OTT teams locating the 64/8 and upskilling on the VAT registration teams. DTM

explained that resource is increasing and teams are being upskilled. DTM to feedback 64/8 issue to the operational teams.

Dean Carey (DC) asked whether it would be possible to provide data to show the number of acceptance and non-acceptance clearances. DTM explained that clearance teams are being given more time to elaborate on non-acceptance responses by providing the customer with case specific explanations, along with relevant links to guidance so that customers or their agents have enough information at hand to answer their own query.

DTM to look at providing non-acceptance data at future meetings.

	Agenda Item 6: AOB	All
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Ben Martin (BM) provided an update on non EU Exit issues raised by members.

LS asked about the new rules for simplified processes for imports. Guidance has been published which provides details about the process.

NC raised an issue with the reverse charge for supply of services from overseas. Overseas suppliers are being advised to charge local VAT, therefore creating double taxation. MC advised NC to send in her query.

Next meeting: 14 May 2019 – HMRC Offices, 100 Parliament Street

Appendix A

JOINT VAT CONSULTATIVE COMMITTEE (JVCC)

(Meeting number 108)

14 February 2019, 13:30.

HMRC Offices, Room 3/36, 100 Parliament Street, London, SW1A 2BQ

Attendees	
Anshita Joshi	The Investment Association
Brian Palmer	Association of Accounting Technicians
David Jordorson	Association of British Insurers
Dean Carey	The Association of Chartered Certified Accountants
Graham Elliott	Charity Tax Group
Judith Barnes	VAT in Industry Group
Lee Hurst	One Hundred Group
Linda Skilbeck	The Chartered Institute of Taxation
Mark Hammond Giles	Confederation of British Industry
Martin Scammell	British Property Foundation
Martin Shah	The Law Society of England & Wales
Nancy Cruickshanks	Association of Tax Technicians
Nic Davison	Chartered Institute of Management Accountants
Phillip Ford	Association of International Accountants
Ruth Corkin	VAT Practitioner's Group Ruth Corkin
Susan Cattell	The Institute of Chartered Accountants of Scotland

HMRC / HMT	
Sally Beggs	Customs and Indirect Tax Directorate
Alom Ali	Customs and Indirect Tax Directorate
Alice Dowswell	Customs and Indirect Tax Directorate
Dot Moules	Customs and Indirect Tax Directorate
Neil Hedger	Customs and Indirect Tax Directorate
Barbara Farndell	Customs and Indirect Tax Directorate
Ben Martin	Customs and Indirect Tax Directorate
Darren Boodhoo	Customs and Indirect Tax Directorate
Verna Gellvear	MTD Transformation
David Millar	Business, Tax and Customs Directorate
Mike Cunningham	HM Treasury

Appendix B

JVCC Making Tax Digital Sub Group Brief for JVCC on 14 February 2019

1. Update on the VAT Public Beta Pilot

Verna updated members on progress on the Pilot. More software is becoming available with the rate of sign up increasing significantly each day.

Issues are identified and resolved, by HMRC and Software Providers, which is an expected part of the Pilot process.

Members had asked for more certainty in regards to the APIs' finalised position and it was confirmed that there were no further planned changes to the APIs, enabling greater certainty and stability.

Members also asked about moving out of Public Beta and it was confirmed that the service was planned to become business as usual from 1 April, with the appropriate support models in place.

2. Communications update

Members had asked for an update on the Communications Plan for MTD VAT. The MTD Stakeholder Communications Pack on GOV.UK had been updated on 10 January. Letters were being sent to all deferred customers, customers who were definitely going to come under MTD and to those businesses who were around the cusp of the threshold, reminding them they would need to assess their position and sign up for MTD if they met the requirements.

All deferral letters had been issued and the final tranche of other letters were being sent out by end of February. Members had asked about the accuracy of the data in regards to deferral, and it was recognised that it would not be 100%, and relied upon customers updating information with HMRC. It was confirmed that any business receiving a deferral letter, but was not eligible, would have the deferral honoured by HMRC. Equally a customer not receiving a deferral letter, but were eligible, could contact Customer Support who would review and resolve.

3. Exemptions

Members had responded to draft guidance on the exemption process and a further consultation undertaken by tele-conference. Members agreed that improvements had been made but remained anxious that the process may be time consuming and potentially challenging for some customers.

Further draft would be sent to members for further review before publication.

4. Agent Services Account

Verna Gellvear confirmed that Release 8 of MTD VAT was due over the coming weekend and Overseas Agents would then be able to create an ASA.

Members felt that a specific ASA landing page on GOV.UK would be beneficial – this feedback will be passed on for consideration.

Members felt that ASA creation would be time consuming for businesses with many clients as there was no bulk sign up facility.

5. Digital Links

Members clarified when and where digital links were required in the MTD process and were satisfied that examples in VAT Notice 700/22 gave a well-defined insight.

6. Penalties

Members asked for clarity in regards to penalties and how they would be applied. HMRC recognises that businesses will require time to become familiar with the new requirements of MTD. HMRC has been clear that during the first year of mandation, HMRC will not pursue record keeping penalties where businesses are doing their best to comply with the law.

Jeff Worrell, MTD Policy, agreed that it would be beneficial to refresh guidance on penalties and would involve members going forward.

7. VAT Notice 700/22 and Guidance

VAT Notice 700/22: Making Tax Digital had been updated shortly with some additional information and amended for increased clarity. One further update was expected before April.

Members wished an update on the Government Digital Service project to produce the Notice contents as a series of Guidance documents, which they feel may be easier to read. The principles, interpretation and requirements of MTD would not change. An internal draft had been shared with members who were very disappointed, and opposed, the removal of the diagrammatic examples of digital links.

Members also felt that it was too close to the implementation of MTD to further review and refine the proposed new guidance and felt that this could prove an unhelpful distraction.

Verna Gellvear - JVCC MTD Sub Group Chair

Making Tax Digital for Business, Customer Readiness & External Stakeholder Team

11 February 2019