

A photograph of the HM Revenue & Customs building facade, showing the name 'HM REVENUE & CUSTOMS' in large black letters on a light-colored stone wall. The building has classical architectural features like columns and a pediment. A red postbox is visible in the bottom right corner. A white box in the top right corner contains the text 'harwoodhutton' in red.

harwoodhutton

HM REVENUE & CUSTOMS

THE VAT EXPERTISE YOU NEED

Experience that counts

Value added tax is one of the most complex tax regimes faced by business. It is all too easy to pay too much or too little. The consequences can be costly in terms of damage to the bottom line and to reputations.

Harwood Hutton's VAT team, led by Michael Ashdown, helps individuals and business leaders stay across the ever-changing rules.

Our goal is to help you achieve the best possible personal or corporate position while staying fully compliant with the tax authorities and avoiding expensive penalties.

You will find our advice and our approach clear, commercial and practical. We will help you understand VAT and manage your VAT risk.

Our expertise, which spans many different sectors, has often secured additional VAT benefits for our clients that previous advisers have failed to spot.

And if for any reason you find yourself subject to HMRC's attention, we are there to fight your corner and secure the best outcome, freeing you of the stress and allowing you to focus on the day-to-day of running your business.

Independent and flexible

Our service is 100% independent and we work in a spirit of partnership, supporting our professional clients rather than competing with them. We uphold the highest standards of service for the enhancement of everyone's reputation.

We can offer our expertise on a pay-as-you-go (hourly rate) basis, perhaps for a specific project or situation, or on a monthly retainer for ongoing advice. It may also be possible, subject to certain conditions, to agree a fee that is partly contingent on the outcome. We would provide a quote upfront for any advice that is to be provided.

Our goal will always be to help our professional clients retain and win new clients by providing clear, insightful and practical advice.



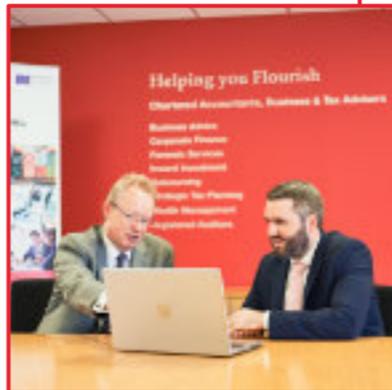
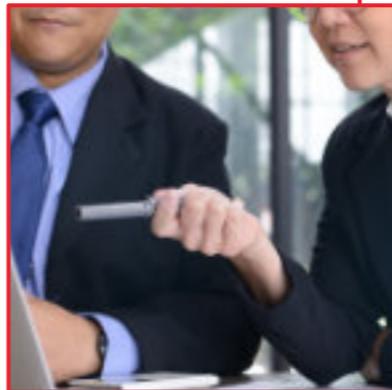
A strategic approach

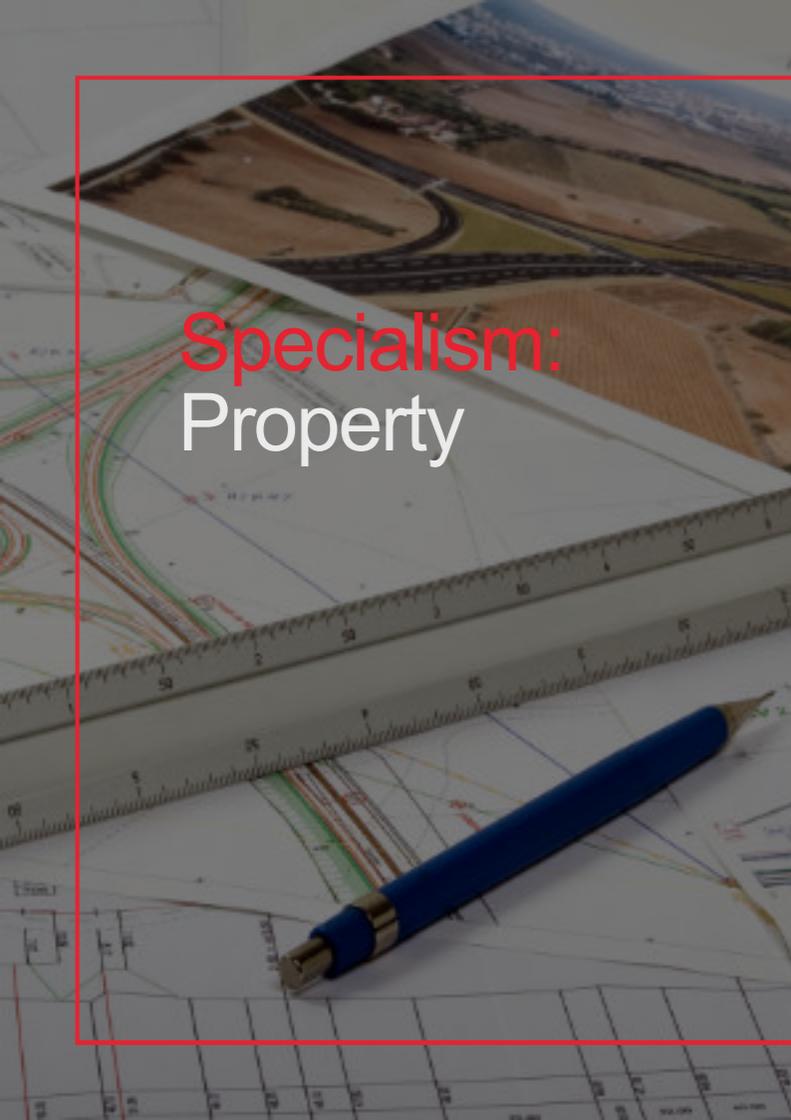
It is not uncommon for an enquiry that starts off in the realms of VAT to mushroom into something much bigger. Occasionally, it is the very fabric of the business that comes into question.

At Harwood Hutton, we can call on specialists to help plot the most efficient and most profitable path forward, one that embraces direct taxation, business structuring and funding options.

Our advice covers all of the following:

- Land/property transactions including the option to tax
- International supply chains
- Charities and not-for-profit
- Educational establishments
- Registered health professionals
- High-value assets
- VAT registration and compliance
- Partial exemption methods and solutions
- Business restructures and disposals
- VAT health checks and audits
- Mitigation of penalties
- Domestic UK VAT advice
- VAT training





Specialism: Property

We work with lots of property developers and contractors who rely on our expertise to guide them through some of the most complicated and crucial tax issues faced by any business, especially when you consider the high value of a property transaction.

There can be a variety of VAT rates at play on a property may have differing liabilities.

The sale of property can cross over a spectrum of liabilities depending on if the property is classified as new for VAT purposes, if it is commercial or residential and what was its previous use. Complications also arise in respect of the recovery of VAT on a development, even if there is only one rate of VAT applicable to the sale.

Property deals also result in a variety of other payments such as option outgoings, barbers, payments for surrender of interests and dilapidation payments, all of which need to be classified correctly to determine the correct VAT position.

One of the most complex areas of VAT and Property are the rules about the transfer of a business as a going concern and if the transaction could be outside the scope of VAT. Getting these transactions wrong can have a major impact on the vendor or the purchaser and may also result in HMRC imposing penalties on top of the VAT error.

In 2021, the new Domestic Reverse Charge will apply to certain construction services and that will affect how VAT is accounted for in the sector as well as having a major impact on cash flow impact for some. There is also the Construction Industry Scheme to master as well as how VAT interacts with SDLT.

You can trust Harwood Hutton to find the path of maximum benefit. We can also advise on funding arrangements for property projects.



A background image showing a group of business professionals in a meeting, looking at documents and laptops.

Specialism: Education

Education is a broad subject – it can range from conferences and seminars to sports courses and distance teaching – and the VAT implications are varied.

Many supplies of education are exempt from VAT, which means no VAT is charged. But you are then prevented from recovering VAT on your costs.

Commercial supplies of education are usually liable to VAT but depending on the exact structure and the way the courses operate, these may qualify to be exempt from VAT. Similarly, private tuition is in some cases exempt from VAT but it all depends on how the tuition is delivered and what is the subject being taught. If education is delivered online or across borders, the situation could be different and may result in having to account for VAT where the recipients are based.

We would review your operations and determine which supplies may fall within the exemption from VAT and which may lead you to have to register for VAT.





Specialism: Medical

The VAT treatment on goods and services provided by registered health professionals – including doctors, dentists and physiotherapists – needs careful consideration.

Where the service is principally aimed at the protection, maintenance or restoration of health of the person concerned, the supply is exempt. However, you need to be absolutely certain of your ground because you are not entitled to recover VAT on your costs and you will not want to be out of pocket.

A 'health professional' is accepted by HMRC to mean the following professionals when they are enrolled or registered on the appropriate statutory register.

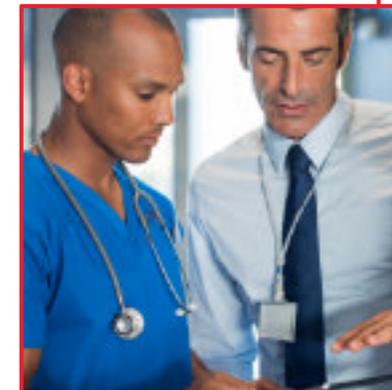
- Medical practitioners
- Optometrists and dispensing opticians
- Osteopaths
- Chiropractors
- Nurses, midwives and health visitors
- Dentists, dental hygienists, dental therapists, dental nurses, clinical dental technicians, dental technicians and orthodontic therapists
- Pharmacists

- Professionals registered under the Health Professions Order 2001. These professionals are: Arts therapists, biomedical scientists, chiropodists or podiatrists, clinical scientists, dieticians, hearing aid dispensers, occupational therapists, operating department practitioners, orthoptists, paramedics, physiotherapists, practitioner psychologists, prosthetists and orthodontists, radiographers and speech and language therapists

- Osteopaths
- Chiropractors
- Nurses, midwives and health visitors
- Dentists, dental hygienists, dental therapists, dental nurses, clinical dental technicians, dental technicians and orthodontic therapists
- Pharmacists

Medical services supplied for cosmetic reason or in connection with a legal or insurance matter do not qualify for exemption, so from a business owner's perspective, where many of the aforementioned services are offered 'under the same roof', it is essential to understand the VAT position of every service being offered.

HMRC takes a great deal of interest in this sector and sometimes engages other professionals to review the services undertaken to help determine the VAT status.



Specialism: Charities

VAT can be something of a minefield for charities. Harwood Hutton has often come to the rescue after they have unwittingly made mistakes when working out It's all too easy for them to unwittingly make mistakes when calculating their liability.

One of the complications is that some of the things charities do may be treated as a 'non-business' activity when it comes to VAT. On one hand that's good as it means no VAT needs to be declared, but it also means the charity cannot recover any VAT in respect of such activities.

Harwood Hutton has deep experience in helping charities. For many years, our head of VAT Michael Ashdown presented specialist training and education sessions helping charities better understand their VAT position.

There are a number of conditions your charity must meet before qualifying for the zero rate of VAT on certain goods and services. Knowing which reliefs apply to which service requires a level of technical understanding which is often well beyond the capability of the officers running the charity concerned.

Michael Ashdown will take a close look at your operations, including your marketing and advertising activity and any property plans, and determine where you might be able to benefit from the all-important zero rate.

Leaning on our expertise, you will be free to devote more of your time and energy raising precious funds for your cause.



International Trading

Harwood Hutton can help you get to grips with the VAT rules as they affect the business of importing and exporting goods and services.

There has been much uncertainty surrounding the landscape for international traders. We can help you stay across the latest regulations and guidance on VAT emerging from HMRC. As ever, our focus will be on providing the certainty you need to trade with maximum efficiency and without fear of fines and financial penalties.

We can also advise on customs duty, which is a separate and additional tax based on the value of imported goods. The amount of duty varies and depends on the country of origin and the type of product. Certain countries enjoy a preferential rate of duty.

If you plan to re-export goods after processing them, we can steer you through the process of applying for **Inward Processing Relief**, which would allow you to process goods in the UK without having to pay import VAT or duty when the goods are imported.

If you import regularly, you might consider a deferment account, where you settle import charges on a monthly basis. We can help you set up a deferment account, which

is free of charge to operate, but you do need to provide a bank guarantee to HMRC for the charges due on importation. The advantage is you can put off payment for an average of 30 days and your goods will normally be cleared for release more quickly. Terms and conditions apply to deferment accounts, and we can check to see if your business is eligible.

Another step you might wish to consider if you import regularly is to apply for **Authorised Economic Operator (AEO)** status. This is essentially a 'kitemark' which confirms you have sound customs procedures in place and a good compliance history with HMRC. Having AEO status means your goods should be less likely to be held up at the border and will also mean that applications for other customs procedures will be simpler.

If you export services from the UK, we can assist by provide guidance on the evidence that you would need not to charge VAT on your services, as UK VAT may still be due depending on the substance your customer has outside the UK as well as the nature of the service supplied.

Similarly, receiving service from outside the UK will have a UK VAT implication and may make you liable to register for UK VAT if you are not already registered. HMRC conducts regular exercises looking at non VAT-registered businesses that buy in services from outside the UK, so you are well advised to understand the position.

Abacus: The world at your feet

Harwood Hutton is one of only two UK accountancy firms which is affiliated to the Abacus Worldwide network, giving us access to 115 legal and accounting firms in 225 offices spanning 50 countries. For clients with ambitious international growth plans, we can leverage the local expertise that is essential to help you get established and trading effectively and compliantly.



Tax Disputes

It pays to have an expert friend in your corner if and when HMRC comes calling about your tax affairs.

Given the economic climate, it should come as no surprise to learn HMRC is striving harder than ever to increase the amount of money it brings in from compliance activity. And with its ability to call on sophisticated analytical data systems, more and more people are falling under HMRC's spotlight.

Harwood Hutton has extensive experience in resolving disputes with HMRC on VAT matters. If you have received an assessment or are being challenged by HMRC on the VAT treatment of your activities, we can help.

We combine expert technical knowledge with excellent 'soft' skills that help us get to the root of the issue while maintaining a calm and reasoned atmosphere in the discussions. We have often managed to find a mutually acceptable way forward when previous attempts have failed or stalled.

It is not uncommon for assessments to be challenged on a number of grounds. We start by getting a clear picture of your business and how VAT applies to the full sweep of your activities. Only then do we apply the VAT law to the

basis of the assessment, including how it was calculated and the period to which it applies.

If an assessment has been made incorrectly, we can help you get it withdrawn.

As a last resort, we can appeal to the Tax Tribunal and will support you through any litigation process. However, we will always be mindful of the financial outlay involved and the knock-on effects on your business, so victory is not pursued at any cost.

Another option which may resolve the matter is using mediation under the HMRC Alternative Dispute Resolution (ADR) procedure, and we have used this channel for a number of clients to resolve tax issues. ADR has the advantage that it is conducted in private and is less formal. However, the door is still open to appeal to the Tax Tribunal if ADR is tried but fails.

As a client of Harwood Hutton, you are entitled to subscribe to our Tax Investigation Service which offers welcome reassurance in the event you are caught in HMRC's crosshairs.

Individuals and high-value assets

If you are lucky enough to own an aircraft or a yacht, or an expensive collection of artwork or wine, you will want to ensure these high-value assets are owned and operated in the most tax-efficient manner. Similarly, if you are considering changing your residence, there will be VAT and customs issues to consider in relation to any assets you may move. We can provide advice to ensure such charges are managed and that the movement of assets is not delayed. If you are considering investing in UK property, we can help ensure the assets are owned in an appropriate manner and that you meet all your tax obligations.

harwoodhutton

Tel: +44 (0)1494 739500

Email: michaelashdown@harwoodhutton.co.uk

Offices in London and Buckinghamshire

www.harwoodhutton.co.uk

