COVID-19: easements and issues to consider for indirect tax

Indirect Tax

30 July 2020

Although the VAT return payment deferral period ended on 30 June 2020, there are still COVID-19 easements and issues to consider for indirect taxes.

Extension to the temporary zero-rating on personal protective equipment

On 3 July, HMRC updated its Revenue and Customs Brief 4 (2020): Temporary VAT zero rating of personal protective equipment (PPE) (https://tinyurl.com/y7gxhlmd) to extend the period that the temporary zero-rate is in place. The revised period now ends on 31 October 2020, formerly being 31 July. There is no use test for the zero-rating to apply; the PPE is zero-rated whether or not it is put to a COVID-19 based use.

Change of use of a certified building due to COVID-19 resulting in a self-supply VAT charge

Certain constructions or purchases of buildings certified as being used solely for a ‘relevant residential purpose’ or a ‘relevant charitable purpose’ need to be used for such qualifying purposes for at least 10 years.
If the use of a certificated building changes or the building is disposed of as a direct result of COVID-19, a self-supply charge may be due; for example, if a vacated student accommodation block was used to house NHS workers on a short term basis during the pandemic.

Affected taxpayers can contact HMRC via their customer compliance manager if they have one, or if not they can contact the charities compliance team: wmbchfesector@hmrc.gov.uk. Paragraphs 15.6 and section 19 of VAT Notice 708 have more information about change of use (https://tinyurl.com/y44ejc22).

International VAT refund claims

Due to the impact of COVID-19 measures on HMRC's resourcing, Revenue and Customs Brief 9 (2020): Delayed VAT repayments to overseas businesses (https://tinyurl.com/ycucgsm8) was published to address an issue arising for some international VAT claims. HMRC are unable to meet the repayment deadline for the Overseas Refund Scheme for some non-EU business claims (also known as 13 th Directive claims). For valid claims covering the period from 1 July 2018 to 30 June 2019 (submitted by 31 December 2019), some claims will only be paid by 30 September 2020, rather than 30 June. The brief also sets out what international non-EU businesses need to do if, due to the impact of COVID-19, they are unable to obtain a certificate of status to accompany the VAT claim for the period 1 July 2019 to 30 June 2020. These claims must be submitted by 31 December 2020.

Excise: publicans now included in spoilt beer supervisory easement

HMRC has added publicans to the list of businesses that can use the temporary easement that does not require a specific responsible person to supervise the destruction of spoilt beer, cider, wine or made wine (https://tinyurl.com/yc2etsjo) due to social distancing difficulties.

Please also see our articles in Tax Adviser for May, June and July 2020, and the CIOT's and ATT's COVID-19 indirect tax webpages for further information.