Flat rate scheme: guidance on new ‘limited cost business’ status

Indirect Tax

01 April 2017

Changes to the VAT Flat Rate Scheme (FRS) take effect on 1 April 2017 to introduce a new ‘limited cost business’ rate of 16.5%, designed to tackle abuse of the FRS. Further guidance is available on the CIOT and ATT websites.

These changes have previously been reported in the March edition of Technical Newsdesk, and a feature article by Neil Warren in the February publication. Further to queries received from members, we sought further clarification from HMRC around some of the transitional issues which will arise, which can be found on our websites at https://tinyurl.com/jb25njw and https://tinyurl.com/jguqo8k. HMRC should by now have written to all businesses on the FRS (and emailed them where email addresses are held) to notify them of the changes. Those communications are also available on our websites at the same addresses.

The ATT and CIOT submissions in relation to the changes can be found on the ATT website and CIOT website respectively.