

August 2009

Leisure, Hospitality and Travel – VAT update



Changes to Tour Operator's Margin Scheme (TOMS)

HMRC undertook a recent consultation as a result of the European Commission writing to the UK raising concerns about aspects of the UK's operation of the Tour Operator's Margin Scheme (TOMS). Their view is that the UK arrangements in respect of these issues were not fully compatible with the EU VAT directive.

HMRC has now accepted that aspects of this scheme were not implemented correctly and gave a commitment to amending TOMS. The issues of concern were:-

- Supplies to businesses for resale will cease to be dealt with within the TOMS calculation, because they are not supplies to the traveller.
- Business and LEA's that receive supplies for their own consumption will not receive a VAT invoice and will not therefore be able to recover any input vat.
- Use of market value in respect of in-house supplies.

The UK has had no option but to implement these changes and as a result of consultation with the industry representative bodies, they are to introduce changes with effect from 1 January 2010 to deal with the three aspects raised by the European Commission. HMRC has issued a Business Brief 27/09 which outlines the changes to be made whilst also giving examples of the impact of these changes for the future.

If you would like some detailed guidance on the implications for your business please contact Adrian Houstoun.

Air Travel Organiser's Licence (ATOL) reporting

As most ATOL holders will be aware in May 2009 the CAA issued new guidance on the reporting that license holders and their accountants will need to comply with. Are your computer systems set up to capture the required data and have your accountants been in touch with you to plan their work in order that their reports are submitted to the CAA within the agreed deadlines?

If you would like some help with complying with the new reporting regime please contact Brian Pope.

Notes

This VAT brief is published for the general information of KS personnel, clients and contacts. It provides only an overview of the rules and regulations in force at the date of publication, and no action should be taken without consulting the detailed legislation or seeking professional advice. Therefore no responsibility for loss occasioned by any person acting or refraining from action as a result of the material contained in this e-mail will be accepted by the authors or the firm.

© Kingston Smith LLP 2009

Further information

Please visit:
www.kingstonsmith.co.uk/leisure to find out more about our services to the sector.



Devonshire House
60 Goswell Road
London
EC1M 7AD

T 020 7566 4000

www.kingstonsmith.co.uk

Kingston Smith Leisure, Hospitality and Travel team:

Chris Lane
clane@kingstonsmith.co.uk

Brian Pope
bpope@kingstonsmith.co.uk

Maureen Penfold
mpenfold@kingstonsmith.co.uk

Tom Moore
tmoore@kingstonsmith.co.uk

Stephen Pounder
spounder@kingstonsmith.co.uk

VAT partner:
Adrian Houstoun
ahoustoun@kingstonsmith.co.uk