

THE CHARTERED INSTITUTE OF TAXATION

ADVANCED TECHNICAL

Cross Border and Environmental Taxes

November 2025

TIME ALLOWED

3 HOURS 30 MINUTES

- All workings should be shown and made to the nearest month and pound unless the question specifies otherwise.
- Candidates who answer any law elements in this paper in accordance with Scots law or Northern Ireland law should indicate this where relevant.
- Unless otherwise indicated by the provision of additional information in the question, you may assume that 2024/25 legislation (including rates and allowances) continues to apply for 2025/26 and future years. Candidates answering by reference to more recently enacted legislation or tax cases will not be penalised.
- Additional marks may be awarded for presentation.
- You must type your answer in the space on the screen as indicated by the Exam4 guidance.

1. Bigquarry Ltd owns an old quarry in Derbyshire which it operates as a landfill site. Bigquarry Ltd is registered for Landfill Tax.

Bigquarry Ltd has a new customer, the Derbyshire Wetland Trust, a registered charity. The trust has a visitor centre, which is powered using biomass mixed with coal. Derbyshire Wetland Trust intends to dispose of the resulting ash, as well as the non-recyclable waste from the visitor centre, at Bigquarry Ltd's site. The trust is unsure whether to dispose of the ash separately to the visitor waste.

Derbyshire Wetland Trust will also use Bigquarry Ltd's site to dispose of material dredged from lakes and waterways on its land. This dredging is one of several projects the trust is working on to promote biodiversity and will keep the waterways clear for barges to pass through.

Bigquarry Ltd has agreed to contribute funds to Derbyshire Wetland Trust to support another biodiversity project: introducing marsh harriers to the wetland.

Another customer, Fenalik Ltd, has entered insolvent liquidation. Fenalik Ltd has not paid Bigquarry Ltd for a large disposal made at the landfill site. The liquidators have said creditors are unlikely to receive any payment for their debt.

Requirement:

Advise on the Landfill Tax consequences for Bigquarry Ltd of the matters set out above.

(10)

2. Meeple is a website which is owned and hosted by Meeple AG, a company based, and VAT registered, in Germany. The website hosts pages for sellers of gaming goods such as board games, wargames, rule books and dice. The sellers use these pages to advertise their goods. Meeple AG promotes these pages to potential buyers.

When a seller makes a sale through the website, the terms on which it is made are the standard terms set out on the website. Meeple AG processes the payment for the seller and charges them a small percentage of the sale price. It deducts this charge from the buyer's payment.

Sellers can be based in any country, but some are UK based. Sellers may be of any size, with turnovers from a few hundred pounds to millions of pounds. The value of goods sold in any transaction can vary from a few pounds to thousands of pounds.

Buyers are mainly individuals buying for their personal use, but some are small retailers, buying to re-sell. Buyers can be based in any country, including the UK.

Meeple AG is registered for VAT in the UK, among other places. It has a small UK office which promotes the website and supports UK sellers. The UK office had a visit from an HMRC officer recently, who said that Meeple AG should be accounting for VAT on all sales to UK buyers.

The officer also expressed concern at the many UK sellers operating through the Meeple website which are not VAT registered. A number of these are unregistered companies which have the same address, which is a serviced office in Nottingham. Most of them are selling goods that were previously advertised by non-UK sellers. The officer has not yet taken any action following the visit.

Requirement:

Discuss the extent to which Meeple AG may be liable to account for VAT on sales of goods by its sellers to UK purchasers.

(15)

3. Intermancy Corp is established in the US. It has no presence in the UK but is VAT registered. It provides matchmaking services worldwide, including to UK clients. It has a wholly owned VAT registered subsidiary in the UK, Intermancy UK Ltd. Intermancy UK Ltd provides services to Intermancy Corp, as set out below.

Intermancy Corp has two different levels of service which it provides to clients:

1) Basic

The basic service is provided via the internet. Clients are provided with potential romantic matches with Intermancy Corp clients local to them. These matches are made using computer artificial intelligence. A subscription is charged for this service.

Intermancy Corp also charges advertisers for advertising to Intermancy Corp clients. Advertising is targeted to clients based on their location. Advertisers are mainly businesses, but some advertisers are charities with no business activity.

2) Enhanced

Clients for this service sign a written contract, are subject to background vetting and pay a fee to Intermancy Corp. The contract states that Intermancy Corp will provide at least six introductions to potential partners in the next year.

The client has an initial video interview with a relationship consultant. The interview is used to discuss requirements and develop a profile to share with potential matches. The profile is drafted by the consultant and approved by the client via email.

Intermancy Corp will also arrange a local photo shoot if the customer chooses. It adds an arrangement fee and the photographer's fee to its charges. The photographer's fee is passed back to the photographer. Whilst the photographers have been vetted by Intermancy Corp, it takes no responsibility for the resulting photographs.

Potential matches will be identified by the consultants from a computer-generated shortlist. Documents containing the profiles of those matches are then emailed to the client and they are left to decide which matches to contact. After a client has met up with a potential match, they can have up to three follow up videocalls with a consultant to discuss progress.

Intermancy Corp can also provide fashion consultants to assist customers with their wardrobe for an additional fee. This may include acting as a personal shopper for them.

Intermancy UK Ltd

Intermancy UK Ltd does not provide any services directly to clients. It provides services to Intermancy Corp. Mostly these services are of the UK based relationship and fashion consultants which it employs. Intermancy Corp uses the consultants to provide its services to UK based customers. Intermancy UK Ltd is free to choose which consultant deals with which client. It charges a fee to Intermancy Corp for these services.

Additionally, Intermancy UK Ltd occasionally hosts and manages events to help attract new customers for Intermancy Corp. These are free to the prospective customers. It is paid for this service by Intermancy Corp based on the costs incurred.

Requirement:

Discuss with reference to caselaw, the UK VAT treatment of the supplies by Intermancy Corp and Intermancy UK Ltd.

(20)

4. Aggrix Ltd is a building company that also sells aggregate. It is registered for Aggregates Levy. It owns sites where sand and limestone are extracted by quarrying. It has signed a contract with a local school to carry out the following building and excavation works during the summer holidays:

- 1) 190 tonnes of limestone will be removed from an unused area at the end of the playing fields, to make way for landscaping a new wildflower garden.

100 tonnes of this will be sold to Agz21 Ltd, which is also registered for Aggregates Levy. Agz21 Ltd will extract barytes from the limestone using a mechanical crushing and screening machine at its own premises. The baryte mineral extracted, (25 tonnes) will then be sold. Once the process has been completed, the 75 tonnes of limestone remaining will not be saleable.

The remaining 90 tonnes of limestone will be crushed on the school's premises. It will be spread on the new wildflower garden to assist in raising the alkalinity of the soil.

A further 250 tonnes of limestone will be extracted from elsewhere on the school site and sold by Aggrix Ltd to a third-party construction company.

- 2) 150 tonnes of sand will be dredged from an old pond. 87.5 tonnes will be removed to a third-party's site that is not registered for the levy. Once there, it will be washed and treated. It will be returned to the school to be used in a newly created children's sand pit.

The remaining 62.5 tonnes of sand will be mixed with gravel and cement on the school's premises. This will be used to construct an outbuilding near the entrance to the school.

- 3) 15,000 tonnes of rock will be excavated from the school playground. This will be transported back to Aggrix Ltd's premises and sold to a construction company.

- 4) Aggrix Ltd will be removing an old building due to the presence of 300 tonnes of reinforced autoclaved accelerated concrete. This concrete will be removed to a landfill site to cover the waste in the landfill cell.

Requirement:

Calculate, with explanations, the Aggregates Levy and Landfill Tax on the above works.

(15)

5. Vtlec LLC is a Vietnam established company that makes electronic goods. It intends to start selling its goods to wholesalers and retailers in the UK. It will not sell direct to consumers, nor will it operate from any premises in the UK. All imports will be to Free Circulation using Preference Customs Duty rates where available.

Vtlec LLC intends to offer the first two exports of goods to each new customer at discounted prices with the option of selling on Delivered Duty Paid terms. It plans to revert to its full list price sold on a Free On Board basis from the third export.

Vtlec LLC’s first potential customer is Engtelly Ltd, a GB-established company. Engtelly Ltd has never imported before, does not want to deal with Customs formalities, and wants Vtlec LLC to be named as the declarant on the UK import entries.

Vtlec LLC and Engtelly Ltd are currently negotiating at what point title to the goods would pass.

Vtlec LLC hasn’t yet registered at UK Companies House or as a non-established taxable person for UK VAT.

Requirements:

- 1) **Discuss the Customs Duty implications of Vtlec LLC’s export of goods to Engtelly Ltd. Do NOT discuss the valuation adjustments needed for Delivered Duty Paid or Free On Board prices or discounts.** (13)
- 2) **Discuss the import VAT implications for Vtlec LLC and Engtelly Ltd in terms of liability to pay and eligibility to reclaim VAT incurred.** (7)

Total (20)

6. Wiltig Ltd is a GB-established manufacturer of plastic goods. It sells a wide range of manufactured products within GB and world-wide but not to Northern Ireland.

The products include standard non-branded items, such as buckets, (which may be sold to anyone) and branded plastic items which include the customer's name and logo.

A year ago it diversified into 3D printing. This allows Wiltig Ltd to make a wider range and more sophisticated products including components for the car industry. Individual contracts for 3D printing may require specific chemical mixes or ingredients to make up the "ink" used for 3D printing depending on the intended use.

It sources the plastic pellets and chemicals used in production from suppliers based in the UK and abroad depending on market conditions and availability. Consequently UK sales and exports are not distinguished between products made from either UK produced or imported chemicals.

Wiltig Ltd has a GB EORI and uses an agent to make its Customs Declarations. It uses the agent's deferment account.

Sample Import

Value of one load of chemicals used to manufacture buckets:

	£
Value of chemicals	72,500
Freight and insurance to UK border	2,500
Freight from UK border to factory premises	300

The chemicals attract a Duty Rate of 3%.

The finished buckets attract a Duty Rate of 5%.

Wiltig Ltd expects to export 40% of the manufactured buckets. The remaining 60% with a Customs Value of £150,000 will be released to free circulation in the UK.

Requirement:

Explain what Customs Duty relief(s) may be appropriate for Wiltig Ltd and calculate the potential Customs Duty saving on the example entry using the relief(s) identified. (20)