

(Ensure this number matches your candidate number on your desk label and on your candidate attendance form)



pm Date of Examination

- Tick box if you have answered in accordance with Scots Law
- Tick box if you have answered in accordance with Northern Ireland Law

**Chartered
Institute of
Taxation**
Excellence in Taxation

Please tick which Advanced Technical Paper you have attempted (if not already ticked below)

- | | |
|---|--|
| <input type="checkbox"/> Taxation of Owner-Managed Businesses | <input type="checkbox"/> Taxation of Individuals |
| <input type="checkbox"/> Domestic Indirect Taxation | <input checked="" type="checkbox"/> Cross-Border Indirect Taxation |
| <input type="checkbox"/> Inheritance Tax, Trusts & Estates | <input type="checkbox"/> Taxation of Major Corporates |
| <input type="checkbox"/> Human Capital Taxes | |

Please tick here if you have used an extra answer booklet (ensure you attach your second answer booklet to the first using a treasury tag which will be provided).

Advanced Technical

You must ensure that the Advanced Technical Papers chosen are not the same as the corresponding Awareness Modules you have sat or will be sitting.

Instructions

Your script will be scanned electronically. Failure to comply with these instructions may lead to your script not being marked. You must:

- Complete the details on this page and in the booklet using BLACK or BLUE ballpoint pen only.
- Write on both sides of the page.
- Not write in the margin areas indicated.
- Start a new page for each question you answer and indicate the question number in the box provided at the top of each page.
- Not remove any pages from this answer booklet or damage it in any way.

Please do all of the above before the end of the examination.

DO NOT WRITE ON THIS PAGE

From: bony.smith @ customs.cta.co.uk
To: joanne.taylor @ britishstuff.co.uk
Date: 3/11/19
Subject: Export declaration process

Dear Joanne,

Thank you for your email. I have laid out my advice in response below.

The export declaration process is to be carried out by the person defined as the 'exporter'.

In legal terms, the exporter is

- established in the EU customs territory,

- holds a contract with a consignee in a third country, and

- has the power for determining that the goods are to be brought to a destination outside the EU

customs territory. (Article 1 (c) UCC)

Where a business established outside the EU is responsible for arranging the export, the exporter is deemed to be the seller based in the EU.

An export declaration must be submitted, usually on the form C88. The exporter's EORI number, name and address must be included on the declaration. This is considered the standard Full Entry procedure, which is completed at the time of export.

The export declaration is submitted electronically through the National Export System (NES) via the computer system CHIEF.

The stages for the export declaration entered into CHIEF are as follows:

- pre-shipment of data
- acceptance of data
- arrival message
- departure message.

Non-compliance during the export procedure may result in criminal or civil penalties.

Official evidence of export can be ~~to~~ obtained via NES, usually as a Goods Departure Message.

There are simplified procedures, which I have discussed below.

Simplified Declaration Procedure; used for releasing goods at the frontier to most customs procedures.

Physical examination of goods take place at port.

Entry in the Declarant's Records;
a declaration is made in the
Trader's accounts rather than
directly to HMRC.

For the EIDE, AEO criteria
must be satisfied.

For both simplifications you must
be authorised and provide a guarantee.

Both simplifications achieve cash
flow benefits and gain accelerated
release of goods.

However, they can be onerous and costly.
(eg requires authorisation and
guarantee).

As you are just beginning to go
in-house I would recommend the
use of the full entry procedure

Both simplifications also require
the subsequent submission of
a supplementary declaration

Please let me know if you have
any questions.

Kind regards,

Tony.

Flyover 1948 Ltd

417 Fulton Drive

Lower Denton

Oxford

OX4 2KK

Timely West and Co

The catacombs

71 Blouby Road

Birmingham

B19 1AA

6 November 2019

Dear Paul,

Exploiting Photographic Archive.

Thank you very much for your letter. Please see my advice in response below.

Based on the description of the new venture i.e. ~~some~~ ^{the} commercial exploitation of the archive of photos for on-line time limited access and outright purchase, ~~it is~~ it is clear that you will be ~~sup~~ making supplies of electronically-supplied services.

Examples of electronically-supplied services can include the supply of images; text and information, and the making available of databases.

The general place of supply of such services is ~~as in the case of~~ where those services are used and enjoyed.

For example, if the services are made to a UK business person, but services are used and enjoyed in another non-EU country, the supply is to be treated as made in that country.

If made to UK individuals, ^{or} ~~and~~ other non-taxable persons, the supply is treated as made where the recipient belongs.

I have detailed my responses to your specific questions below.

1) a. Licences granted to EU individuals ^{and non-EU} are treated as made in the country where the recipient belongs. Therefore, you may have local registration liabilities.

For EU individuals, rather than registering locally you may register ^{Union} for MOSS. This is a scheme which allows you to account for output tax on EU sales to non-business customers.

You must submit a periodic return, expressed in Sterling and pay over the relevant EU VAT ~~amount~~ (gross amount of VAT on the supply).

You will not be required to account for UK VAT on sales to UK customers providing you have not breached the UK registration threshold. Nonetheless, you can still recover VAT incurred in relation to EU sales made.

(~~A~~) see last page)

2) The transfer of a business as a going concern is not a supply for VAT purposes, so long as the relevant conditions are met. This may still occur even if the buyer is a non-established taxable person.

If the conditions are met, VAT must not be charged on the sale, as to do so would be incorrect, and VAT cannot be reclaimed from HMRC.

Although there is no VAT on the supply, input tax incurred in relation to the supply may be recovered as a residual cost of the business.

The conditions are as follows:

- The effect of the transfer is to put the owner in possession of a business which can be operated as such
- assets transferred must be intended ~~for~~ use to carry on the same kind of business.
- ~~This must~~ ^{there} must not be a series of immediate consecutive transfers.
- There must not be a significant break in trading
- as a result of the TOC the buyer must become a taxable person.

3) To establish where your customer belongs, you may be able to use the billing address for the customer.

The place of belonging, if not a business or fixed establishment, will be the person's usual place of residence; this is where individuals receiving supplies in their private capacity are treated as belonging.

You should also note that from 1 January 2020, if ^{the total} ~~total~~ relevant electronically-supplied services are below ^{the} £8,818 threshold, you may account for supplies in the country the supplier is established.

Please let me know if you have any questions.

Yours sincerely,

Tax Adviser

⊕ For licenses granted to EU businesses, the place of supply is where the services are used and enjoyed.

place of supply

The basic rule for business to business supplies is where the recipient belongs.

~~For supplies to EU businesses, you are able to account for~~

Soolporte Parkers LLP

10 King Street

London

WC2 6BT

Ross Cobb

Tapp Advice LLP

71 Con Street

London

EC3R 6EE

27 October 2019

Dear Guy,

Classic car Vehicle

Thank you for your letter. Please see my advice in response below.

As the cars are between 20 and 25 years old, I have not considered the rules with the New Means of Transport Scheme, as the ~~car~~ criteria is not met.

The cars acquired by Mr Pile from outside the EU will be considered as imports on ~~the~~ which import VAT is

payable. This import VAT may be recovered under the ~~partner's~~ partnership's VAT return, upon receipt of a C79 issued by customs.

Import VAT should be paid at the time of import, unless a deferment arrangement is in place. The ^{import VAT} rate due is at the same rate as though goods were supplied in the UK.

Mr Pile will need to register for an EORI number for the VAT registration ^{or} ~~as this is~~ the purposes of import VAT.

Restoration services are services of work on goods. These ^{would be} ~~are~~ taxable where the services are performed.

If restoration services take place within the EU (as cars may be sourced within the EU), the place of supply would be where the recipient belongs, following the basic rule.

~~the~~ In this case, the supplier must ~~be~~

include the ~~business's~~ customer's VAT number and reverse charge narrative on invoices, and enter the sale on their EC sales list.

The partnership
The customer, ~~partner~~, is required to self-account for VAT incurred on boxes 1, 4, 6 and 7 of the VAT return.

The time of supply of reverse-charged services is the earlier of the date of completion or payment.

If restoration services ~~are~~ are supplied by a non-EU business, and therefore, occur outside the EU, services are outside the scope of UK VAT.

However, the partnership is still required to ^{self-}account for VAT under the reverse charge.

Cars worked on by UK garages following arrival in the UK will be treated as a

domestic UK supply, chargeable to VAT at the standard rate.

The partnership are able to recover the VAT incurred on their VAT return.

The proportion shipped to Ireland for specialist body works would ordinarily be a deemed supply of goods to Ireland, with acquisition tax payable ~~in~~ in the member state of arrival (Ireland).⁴ The dispatch from the UK may be zero-rated.

However, as the conditions for the relief under the ^{movement of goods for} ~~temporary movement~~ _{process} ~~are~~ ~~not~~ fulfilled, this will not be treated as a deemed supply of goods, and ~~not~~ no acquisition VAT is due in Ireland. You are required to record the movement in your temporary movements register.

~~The conditions are as follows:~~

~~You do not have a place of business in Ireland,~~

~~you have a specific contract to fulfill~~

~~goods are intended to be returned~~

~~To the UK.~~

you must also hold documentary evidence of removal.
VAT should be accounted for as a reverse charge.

~~If the goods ^{remain} are outside of the UK for less than 2 years, there are no reporting requirements other than to keep a register of goods.~~

~~otherwise, you need to report the dispatch on your Intrastat, subject to the Intrastat reporting thresholds.~~

Goods sold on to members of the public in the UK will be domestic supplies chargeable to UK VAT at the standard rate.

Goods sourced to order as agent for EU individuals involve the partnership acting as intermediary. These supplies are treated as made in the same country as the supply to

which it relates. In this case, the UK. UK VAT would apply on this fee charged, as I understand that cars would be imported into the UK (subject to import VAT in the UK), then re-exported in the UK.

The remainder sold in the UK as trading stock would be treated as domestic sales in the UK, subject to UK VAT.

Input Tax

~~The~~ ^{the} VAT on ^{the} purchase of motor cars is blocked specifically from recovery.

Goods moved to France temporarily will not be treated as deemed supplied, providing the following conditions are met:

- you are not established in France.
- you have a specific contract to fulfil.
- you intend to return the goods to ^{the} UK.

If goods are outside the UK for less than 2 years there are no reporting requirements, other than to keep a temporary movements register.

Otherwise, this should be accounted for on an Intrastat declaration, subject to the intrastat thresholds being met.

Please let me know if you have any further questions.

Yours sincerely,
Ross

To: Kerry Blanche
From: Imogen Green
Subject: Forthcoming projects
Date: 2 November 2019

Dear Kerry

Thank you for your email. Please see my advice below.

Repairs to Harbour Wall.

It is important to establish whether this is a supply of goods or services.

Where the transfer of any undivided share of property, or the possession of goods takes place, this is a supply of services, rather than goods.

However, if the possession is transferred under an agreement for sale or under agreements which contemplate that property will pass ~~at~~ some point in the

future, this is a supply of goods.

As there does not seem to be an agreement of sale, this will be treated as a supply of services.

place of supply

The basic rule for the supply of services is that the supply is made where the recipient belongs, where this is a business customer. Therefore, this is taxable in the Netherlands.

This should be accounted for under the reverse charge. The customer will self-account for VAT in the Netherlands.

You are required to account for the rate on box 6 of your VAT return, and on an EC sales list.

You are also required to include your customer's VAT number and the reverse charge ~~text~~ narrative on the

invoice.

The time of supply is the earlier of completion and payment.

The transport of the equipment may constitute a deemed supply, ~~unless~~ unless conditions for temporary movement of goods can be met.

Airport Runways

It is necessary to establish which of your establishments, i.e. UK or French, is most closely concerned with the supply, as this can affect the place of supply, in particular for contracts managed by the

client's London office.

The first contract does not appear to involve ~~the~~ ^{your} London ~~off~~ ~~subsidiary~~ establishment at all. Based on the force of attraction, if the London office does not intervene in the relevant supply, it would be irrational to deem this to be the establishment most ~~likely~~ closely concerned with the supply. appears to

However, Routaire SA ~~may~~ be supplying the client's ~~the~~ fixed establishment in the UK, based on the client's London office being responsible for management.

Where this is the case the US client is receiving services in the UK. Routaire can zero rate/exempt these supplies on the basis that the client's London office self-accounts for VAT on these supplies under the reverse charge.

As I do not expect that the client's London office is VAT registered in the UK, these services will count towards its UK VAT registration threshold of £85,000 and if breached, they must register for VAT.

Auto bahn

The movement of the machinery can be classified as the temporary movement of own goods rather than a deemed supply.

The following conditions are met:

- you do not have an establishment in Germany
- you have a specific contract to fulfill
- you intend to return the goods to the UK afterwards.

To account for this, as the project is under 2 years, there are no reporting requirements other than to keep a ~~record~~ register of goods moved temporarily.

Costs incurred in Germany may be recovered through the electronic cross-

border refund scheme. This includes the staff accommodation.

An application must be submitted to HMRC by 30 September following the refund year. The minimum amount for a claim is 50 euros or 400 euros if ~~year~~ per less than a calendar year.

The temporary office ~~to~~ may not constitute a fixed establishment, mainly on the basis that there is no sufficient degree of permanence. However, I would monitor this.

Please let me know if you have any questions.

Kind regards,
Imogen.

Genusgames Inc

Met Center

24954 Main St

Denver Co

Trip Ribb Ltd

The Popewalk

71 Low Street

Manchester

M63 2BB

31 October 2019

Dear Kurt

Due Diligence - Placemón SARL

Thank you for your letter. Please see my advice below.

Skateman SARL

Sales from the UK Branch to non-taxable customers in other member states must be monitored, in line with distance selling thresholds.

Each member state will operate a threshold for VAT registration, under the distance selling rules, of either €35,000

or €100,000. Therefore, you will need to confirm the threshold for each member state where supplies are made to non-taxable persons, in case of breach.

Under distance selling rules, until the relevant threshold is breached, you must account for UK VAT on these sales.

Once the threshold is breached you are required to register for VAT in that member state and account for VAT locally.

The sales for the purposes of the threshold should be ~~not~~ counted ~~for~~ from 1 January of any year.

Normal tax point rules apply. So, for orders made during Christmas, these should be included in monitoring the threshold breached.

Therefore, you are expected to be required to register for VAT in Germany and account for VAT locally.

Prior to the breach, and for any other EU country where ^{revenue} sales are made, you can exercise the option to register and account for VAT on sales locally.

(*)

Placeman S&C (Placeman)

As Placeman is registered under MOSS I would expect that a EU ^{output} VAT is correctly accounted for on their MOSS returns.

However, as this is a due diligence, I would advise that you check the businesses MOSS procedures are correct, in case of any filing penalties.

~~Therefore~~ ~~assess~~

(*) Skateman SARL

As there is no German establishment, VAT obligations may be fulfilled by the use of a local VAT agent or representative, which may incur further costs to consider.

Placemen SARL

I have assumed that the Premier Gold membership will be supplied to UK non-taxable persons. Therefore, the place of supply will be where the recipient belongs i.e. the UK.

Where supplies are given completely for ~~no~~ consideration (free of charge), there is no supply for VAT purposes, as consideration must be present. Therefore, at one utter there may not be VAT obligations on the free ^{supply}.

However, as ~~supplies~~ the "free" giving is given

in exchange for the agreement to pay
€19.99 per month after the three
months, this may be a barter
transaction, ~~this is~~ which can
involve non-monetary consideration.

A barter transaction is one in which
goods/services are supplied in exchange
for other goods/services.

Otherwise, it could be a case that the
free gaming is "paid for" with
non-monetary consideration. This would
include the phone accessories and other
goods.

Where non-monetary consideration is
given, and the retail price is
known, this is deemed to be the
value of consideration based on the
Naturally Yours Case.

This value would apply to the
3 months free gaming, which we know

is attached at €19.99 per month.
For the 3 months this is €59.97.

The phone accessories and other goods should be valued based on the cost to the supplier, by way of the decision in *Empire Stores* case, which ~~is~~ understood is €120.

Placeman SAREL can account for these supplies via their MOSS account.

Please let me know if you have any questions.

Yours sincerely,

Derek.

Ray Johns

Tobacco & Jacket Ltd

7 High Street

Farnborough

GU12 3RD

Martin Tevis

ETA Advisers

1 Short Lane

Guildford

GU1 1SE

3 November 2019

Dear Ray,

Amounts due at Import

Thank you for your letter. Please see my advice in response below.

Whilst I have summarised the amounts due at import in this letter and other comments, my main workings can be found at: Appendix A enclosed.

Smoking Jackets:

The total payable ~~to~~ ~~at~~ at import is £45332.40.

Included in the customs value is the value for any services provided at a reduced value, unless already included in the price payable.

As this has already been included, this has been left in the customs value.

For all calculations, the customs value is based on the CIF value, which is the cost of goods plus insurance and ~~freight~~ freight to the EU.

Any ^{inland} insurance ~~or~~ ^{or} freight charges therefore must ~~not~~ be included in the value.

Pipes:

The total payable at import is
£ 70,75.59

Hand Rolling Tobacco:

The total payable at import is
£ 328,885.

Appendix A

Smoking Jackets:

Costs of goods	150 000
Freight to EU	3000
Insurance to EU	150
Freight from EU	Not included
Duty @ 8%	12 252
Import VAT (on duty inclusive) 20%	33 080.40
Total payable	198,482.40
← at import	45 332.40

Pipes:

Cost of goods	300 000
Freight to EU	1500
Freight from EU	Not included
Insurance to EU	30
Duty @ 2.7%	8 141.31
Import VAT (on duty inclusive) 20%	61,934.27
Total payable	371,605.58
← at import	70 075.59

Appendix A.

Hand Rolling Tobacco :

Cost of goods	2,250 000
Freight to EU	10 000
Inland freight	Not included
Insurance to EU	10000
Duty Cost at 74.9%.	169 3489
Excise duty @ 221.18 per kg	<u>66 35100</u>
Total payable	105,89 889
- at input	8,32 8889

~~Leather Tobacco Pouches:~~~~Value for customs declaration:~~

None of the goods appear to be smoking cessation products, which attract a VAT rate of 5%. Therefore, all products have been charged at the standard rate of VAT, i.e. 20%.

As you are VAT registered, input VAT incurred may be recovered in your VAT returns on receipt of a DT9 certificate. This is merely a cash flow inconvenience.

However, customs and ~~excise~~ excise duties are real costs, which cannot be recovered from customs.

For the leather tobacco products, the customs value is likely to be determined using the transaction value; method one.

~~This value should not be~~

The value ^{is} declared on a value declaration (DVI) and should be the price payable for the goods.

Any rebates received may be submitted to customs by an amended DVI and a subsequent customs duty refund received.

The refund will be based on the amended price payable of the goods.

(*)

Please let me know if you have any questions.

Yours sincerely,
Mark

(*)

The retail price for tobacco products is the price ordinarily paid when sold to ~~an~~ individuals.

following being entered into home use.

Two prices are shown as you must use the ^{lower} ~~higher~~ value given from calculating using both methods (ie the ~~minimum~~ ^{minimum} excise duty).

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