

VAT Agenda

Do you think VAT will increase?

We do! During the lead up to the election the Conservatives committed to holding an emergency Budget within 50 days of taking office. Following the establishment of the new coalition government, this means that there will be another Budget before the end of June.

Whilst nothing is confirmed, we believe that an increase in the VAT rate is inevitable. It is also possible that there will be other changes to VAT for example, an increase from zero rating to positive rate VAT on new homes.

As yet, no anti forestalling legislation has been introduced for changes to VAT in this Budget. Therefore, we believe there are potential opportunities for partially exempt businesses to reduce VAT costs. However, action needs to be taken fast if advantages are to be had before the Budget.

Of course, there is a chance that anti forestalling legislation could be introduced but it is extremely unlikely that this would have retrospective effect. Even if it does, using the last piece of anti forestalling legislation as a guide, it is likely only to capture high value transactions, say of £100,000.

As noted above, the timescale for this opportunity is very tight, so please do not hesitate to call if you would like to discuss this.

Elysian Associates
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