

## VAT Agenda

### VAT Errors

Further to my note in May regarding the Disclosure of Errors, HM Revenue and Customs have issued a Business Brief 38/2008 regarding default interest on net errors of £2000 or less separately notified using the Voluntary Disclosure of Errors regime.

Customs have announced that their practice of not charging default interest on these notified errors is not lawful and will only continue until the end of August 2008.

From 01 September 2008 all notifications of errors requiring an Assessment may be subject to default interest charges from that date irrespective of the amount involved.

However, as mentioned previously de minimis net errors can continue to be corrected on a VAT return and will not attract interest.

### Downturn in the economy and the construction industry

Many small and larger building companies are feeling the pinch at the moment particularly bespoke house builders who are unable to sell their newly built houses. We are finding that they are turning to the rental market in the hope of weathering the storm. Doing this however, means that they stand to lose all the VAT recovered on the materials etc used in the construction in addition to a possible Stamp Duty Land Tax charge.

You should be aware that it may be possible to restructure things so that it is possible to avoid the VAT hit.

Elysian Associates  
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