

Minutes of the 100th JVCC meeting held on 23 January 2017

13:00-15:30 in Room 2/66

100 Parliament Street, London SW1A 2BQ

	Agenda Item 1 - introductions and apologies	Ruth Stanier
--	--	---------------------

Ruth Stanier (RS) introduced herself and welcomed everyone. Ruth also invited all attendees to celebrate the 100th JVCC meeting with tea and cake.

A list of attendees is at Appendix A.

	Agenda Item 2 Minutes of Last Meeting	Ruth Stanier
--	--	---------------------

Minutes of the meetings held on 20 July 2016 and 12 October 2016 were agreed.

	Agenda Item 3 Update on EU and other International VAT Issues	Neville Trout
--	--	----------------------

Neville Trout (NT) explained that under the Maltese presidency the focus was on the Digital Single Market (DSM) proposal (due for implementation in two stages: in 2018 and 2021) and the E-publications proposal. E-publications could prove problematic as there are a variety of views round the table.

Similarly, with regard to the DSM, discussions have started between Member states but there has not been a meeting of minds. The 2018 changes deliver improvements in line with UK asks e.g. a threshold, but some Member states are opposed to thresholds and amongst those that could accept one there was pressure for one lower than the proposed €10,000. The 2021 changes were more complicated and difficult. Any progress was likely to be hard even if the Presidency split the dossier and concentrated on the 2018 changes. A number of Member states have been pushing for a Generalised Reverse Charge (GRC) as a possible answer to VAT gap and fraud problems. The proposal allows for a mechanism until 2022. Again there were wide differences in Member states' approaches. We do not have any problems with a GRC pilot as long as it is time limited and an evaluation is carried out. The Commission has the power to rescind the authority for applying the GRC if it has negative impact on the single market.

NT also gave a brief forward look

- Expecting a Small and Medium Enterprise (SME) proposal later in the year which is likely to cover thresholds and be informed by a FISCALIS meeting; and
- Work continues on the Definitive System. Expecting a proposal later in the year covering some basics of the Definitive System and the Slovak Presidency “quick win” options (chain transactions/call off stock/proof of dispatch/VAT number to zero rate dispatches)

	Agenda Item 4 Autumn Statement Measures Update	Paul Riley
--	---	-------------------

Paul Riley (PR) gave updates on the VAT Grouping consultation (deadline 27 February) and changes to the Flat Rate Scheme (FRS). PR explained the background to the changes, detailing the nature of recent abuse of the scheme. Many policy options had been considered but the change announced struck the best balance between (i) targeting the inherent unfairness that meant certain types of business gained substantial financial benefits, and which had resulted in the abuse, and (ii) ensuring legitimate businesses could continue to benefit from administrative simplification.

In discussion, Nic Davison (CIMA) said that he felt service businesses were unfairly impacted because they typically had very low costs relating to goods. Graham Elliot (Charity Tax Group) urged HMRC in future to consult JVCC members on how best to frame communications around measures such as this one – if HMRC had done that in this case, it would have fostered greater understanding of the issue and it may have been better received.

PR encouraged JVCC members who had detailed points to feed in about the draft legislation to attend one of the consultation meetings being held on Friday 27 January.

	Agenda Item 5 Brexit Update	Sally Beggs
--	------------------------------------	--------------------

Sally Beggs (SB) explained that we know a little more than in October:

Article 50 will be invoked by the end of March 2017 to start the process of the UK leaving the European Union.

Sally mentioned the Prime Minister’s recent speech and ran through the twelve principles that had set out.

SB explained that we at HMRC are involved in a number of aspects that will affect customers, in particular issues relating to the border and to IT systems. SB invited the committee to share their views and issues at this stage in the process.

The committee highlighted that big businesses will need long lead times in order to implement any new systems. There will need to be education and a lot of up-skilling,

not only from online material from the internet but also other sources. The need for long lead times would be particularly important in order to synchronise different systems for businesses which trade both with the EU and internationally.

It was suggested that a joint EU transition discussion involving a sub-group of members of both the JVCC and the Joint Customs Consultative Committee would be useful.

Action point: HMRC to arrange a EU transition discussion involving members of the JVCC and JCCC together.

	Agenda Item 6 Making Tax Digital	Paul Riley
--	---	-------------------

PR advised members that HMRC's summary of responses to the recent raft of MTD consultation documents would be published very shortly. Following that, we would reconvene the JVCC's MTD sub-group to discuss next steps (provisional date 6 March).

	Agenda Item 7 Operational Performance Dashboard	Paul Riley
--	--	-------------------

Paul Riley (PR) shared the emerging Operational Performance Dashboard. JVCC members confirmed that they found the product useful. PR asked JVCC members to write with comments on the sort of issues they would like to see covered and any suggested improvements to the content and presentation.

	Agenda Item 8 Guidance Update	
--	--------------------------------------	--

Fiona Pavaday (FP) gave a brief overview of current work on guidance. This included five changes that had been forwarded to the publishing team and would be updated on the internet. The guidance pages that are used more frequently are updated first.

EP outlined HMRC's approach to guidance and how it could be improved as a result of feedback. FP asked members to send details to the customer inbox.

FP said that the search button on the internet works better than before. Among the most visited (highest hit) pages were:

- Flat Rate Scheme
- Construction
- Input Tax

JVCC members asked that where guidance is no longer current that either the guidance is removed or a note put near the heading to the effect of “guidance being updated” or “part of guidance no longer valid”.

	Agenda Item 9 Issues Raised by JVCC members	
--	--	--

Committee members expressed their concerns about the ongoing delay to updating the Holding Company guidance. Ishrat Ali provided an update, and confirmed that the new guidance would now be issued shortly.

	Agenda Item 10 AOB	
--	---------------------------	--

Ruth Corkin raised an issue about the VAT treatment of adult colouring books, and the way in which the new guidance applies to online retailers as opposed to shops in terms of which customer group is being targeted.

Stephen Taylor raised issues relating to HMRC’s consideration of statutory review and Alternative Dispute Resolution. RS agreed that we should have a fuller discussion of this at the next meeting.

RS thanked members for the issues they had raised for this meeting. She said that it was very helpful for items to be put forward for discussion, and it helped HMRC prepare effectively for the discussion if members could provide a short note covering the main points they wanted to address.

Action point: HMRC to include information about statutory reviews as part of the performance dashboard for the next meeting, and to allow time for further discussion of this issue.

	Agenda Item 11 Close	Ruth Stanier
--	-----------------------------	---------------------

Ruth thanked everyone for attending and looked forward to seeing them next JVCC meeting.

Next meeting: Tuesday 11 April 2017, 1300-1530hrs

HMRC/HMT Attendees

Ruth Stanier (RS)	Indirect Tax Directorate
Mahomed Suleman (MSu)	Indirect Tax Directorate
Sally Beggs (SB)	Indirect Tax Directorate
Eileen Patching (EP)	Indirect Tax Directorate
Paul Riley (PR)	Indirect Tax Directorate
Fiona Pavaday (FP)	Indirect Tax Directorate
Ishrat Ali (IA)	Indirect Tax Directorate
James Wilson (JW)	Indirect Tax Directorate
Neville Trout (NT)	HMT