

**TAXREP 22/02**

**VAT: AVAILABILITY OF NOTICES**

*Text of a letter sent to Customs in August 2002 by the Tax Faculty of the Institute of Chartered Accountants in England and Wales*

## VAT: AVAILABILITY OF HARD COPY AND WEB-BASED NOTICES

### General comments

1. Our members are experiencing difficulties in obtaining Customs' notices on a timely basis, that is to say, at the time that they are cited as being published and coming into effect. Whilst we welcome, for example, the programme to rewrite the notices so that they are easier to understand, this laudable aim is undermined if notices are not available when they are announced.
2. We should be grateful if Customs and Excise would explain the system under which VAT notices are distributed. We also request a meeting to discuss the difficulties that members are experiencing, with a view to ensuring that these problems are eradicated and traders and advisers can obtain notices at the time that they come into effect. The difficulties affect both hard copy and web versions of the notices. We suggest that, as a matter of policy, notices should be dated as coming into effect after adequate hard copy stocks are readily available and the document is added to Customs' website..

### Detailed comments

3. There has always been a delay between the announcement of a new notice and the provision of an adequate hard copy supply for distribution. For many years, those requesting notices have frequently had to wait some time for them and, all too often, have, in the meantime, been sent the-out-of-date versions, with no indication that these versions are out of date, so that there is a risk of the recipient relying upon them as being current.
4. Currently, the flood of new versions of the notices being published is resulting in many such situations. The notices carry dates which are usually at least a month or more and sometimes longer ahead of when they are freely available.
5. For instance, on 5 April 2002 a member of our VAT Sub-committee requested the April 2002 version of Notice 700 'The VAT Guide', along with other notices. On 7 June 2002 he was telephoned by a member of Customs' staff in Cardiff who asked whether she should send those notices on our member's list that she had gathered together so far or wait until she had all of the notices on the list. He asked her to send him all of those that were currently available. He discussed with her the problem of out-of-date versions. She admitted that Cardiff itself receives crates of out-of-date versions which staff then have to destroy.
6. The following day, the notices forwarded arrived without any covering letter, in contrast to the recent system under which he has been receiving letters from a central distribution point listing all the notices requested and the dates on which each one was being made available. Amongst the notices sent by the lady in Cardiff was Notice 700, March 2000 version.
7. Our member then rang to point this out and to ask for the up-to-date version only to be told that Cardiff did not have it and that he should request it again in a month's time.
8. The following day, the member met another VAT specialist, who works for a major financial institution, which had been provided with a stock of the up-to-date notices. He therefore obtained the April 2002 version from this fellow specialist.
9. This incident illustrates a common problem. It is a particularly serious case in that the VAT Guide is an important notice. For Cardiff to say that it was not yet available when it was being distributed elsewhere may have been merely a mistake generated by frustration over

the problems in Cardiff of obtaining up-to-date stock of that notice. Nevertheless, in this age of electronic information, we consider that major distribution centres such as Cardiff should be able to check at least whether notices are in print, the level of stocks, and the date on which updates and, where stocks are exhausted, replacements are expected.

10. Another current example is that of Notice 733, which was supposedly available in mid-May 2002. It has still not been received by the member already mentioned. When he asked the policy section responsible for that notice why there was a delay, they had no knowledge of the situation and assumed that, having approved the notice, it was readily available.
11. This indicates yet another practical flaw in the system. The majority of people in Customs appear to have no knowledge of how notices are distributed. It appears, to the outside world at least, as if the distribution of notices is undertaken by a section which does not communicate with the rest of Customs.
12. Delay in making available notices is a serious problem because it makes it impossible for traders and advisers to ascertain how transactions should be dealt before it is too late. On a number of occasions Tribunals have upheld assessments on the basis that new versions of guidance had been issued with which the trader had not complied. However, that guidance was not available to that trader, or its existence had not been made known in, for example, VAT Notes, at the date in question. In at least one case, only the intervention of one of our members, who takes a particular interest in these matters, ensured that this injustice was subsequently corrected and a repayment made to the trader concerned.
13. Of course, such an intervention is only possible when the situation is made public, as in a tribunal decision. We suspect that there are more cases in which the injustice remains uncorrected because no one with the necessary knowledge becomes aware of the situation.
14. Discrepancies between the effective date and availability of notices is not confined to hard copy versions. This is demonstrated in a schedule compiled by a member recording the delays in posting a selection of notices to Customs' website which we submitted as part of a written submission (TAXREP 17/01) made in connection with our attending Customs' Knowledge Management workshops in August 2001 (see annex). There has been little in the way of an improvement since then. For example, on 13 June 2002, Notice 708/6 on Energy-Saving Materials was added to Customs' website. It is dated February 2002 and says that: 'This notice cancels and replaces VAT Information Sheet 1/00 (March 2000)'. There is a danger that in the future people, including tribunals, will consider that Notice 708/6 rather than the VAT Information Sheet was available and therefore applied from February 2002, since there will be no indication that it did not appear until four months later.
15. There are related policy issues which may need to be considered, particularly the time when new guidance should be regarded as coming into effect bearing in mind the differences between cover dates, announced publication dates, actual hard copy availability dates and web publication dates, and apart from the 'recent updates' section of the website which is not easy to search, the lack of any clearly-documented and reliable public record of these dates. All of these issues are the responsibility of the Commissioners. It is essential that a consistent policy is adopted with regard to publication of notices which protects the interests of traders.
16. In the first instance, we would welcome details of the precise system under which a notice is approved for publication, then printed, supplied to the distribution centres such as Cardiff which provide the notices to the public, how this corresponds to the dates quoted on the face of the notice, and how all this ties in with the notification of the existence of a new or updated

notice to the public (eg via Business Briefs and VAT Notes and the posting of the notice and information about it onto Customs' website).

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## LATE CUSTOMS PUBLICATIONS ON THEIR WEB SITE, JUNE - JULY 2001

Notice	Title date	Date on website (months)	Date published	Effective	Delay
334	Free Zones July 2001	16 July 2001 ½	May 2001		
343	Imported Capital Goods July 2001	16 July 2001 ½	Not stated		
85C	Forestalling Dec 2000	16 July 2001 7	Dec 2000		
143	Guide for International Post Users	16 July 2001 June 2001	Not stated 1½		
701/18	Reduced Rate on Women's Sanitary Products 1 Jan 2001	13 June 2001 5½	April 2001		
454	Amusement Machine Licence Duty April 2001	11 June 2001 2½	March 2001		
700	General Guide – Update 1 May 2001	11 June 2001 1½	May 2001		
252	Valuation of Imported Goods March 2001	9 June 2001 3½	March 2001		
757	Community Transit July 2000	9 June 2001 11½	July 2000		
827	EC Preferences March 2001	8 June 2001 3½	March 2001		
700/1	Should I be Registered for VAT?	8 June 2001 April 2001	April 2001 2½		
700/11	Cancelling your VAT Registration April 2001	8 June 2001 2½	April 2001		

29	Temporary Import of Civil Aircraft February 2001 4	1 June 2001	February 2001
550	Air Passenger Duty 1 April 2001 3	1 June 2001	March 2001
551	Special Accounting Schemes for APD 1 April 2001 3	1 June 2001	March 2001