

# AUTUMN STATEMENT – VAT

**Tolley® Guidance**

5<sup>th</sup> December 2013

---

## **Disclaimer**

Tolley®Guidance takes every care when preparing this material. However, no responsibility can be accepted for any losses arising to any person acting or refraining from acting as a result of the material contained in these notes.

All rights reserved. No part of these notes may be reproduced or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of Tolley ®Guidance.

Whilst some of the links in blue within this document resolve to publically available websites, other links into documents within Tolley®Guidance are subscription sensitive.

**If you do not have a subscription to  
Tolley®Guidance then you can request a free trial  
[tolley.co.uk/content](http://tolley.co.uk/content)**

**Tolley®**

Tax intelligence  
from LexisNexis®

## Autumn Statement 2013 — VAT

*Produced by Tolley*

The Chancellor, George Osborne, delivered his 2013 Autumn statement to the House of Commons on 5 December 2013. The statement focused mainly on significant new investment to support sustainable growth. Unlike in the 2012 Autumn Statement and the 2013 Budget very few changes to indirect taxes have been announced.

This article summarises the main indirect tax announcements.

Further information on the Autumn Statement can be found on the [UK Gov website](#).

### VAT

The Chancellor did not announce any further changes to existing VAT legislation in the Autumn Statement and he only announced that the Government was intending to issue a consultation document regarding the possible amendment of existing legislation, in respect of the VAT return filing requirements, for organisations that are not able to complete online VAT returns. This consultation has most likely been announced as a result of the recent ruling in *Blackburn (T/A Cornish Moorland Honey)* [\[2013\] UKFTT 525 \(TC\)](#).

### Environmental taxes

The following changes were announced:

Change	Details
Climate Change Agreements — data centres	The government has announced that it will introduce a Climate Change Agreement for the data centres sector by the end of 2013.
Climate Change Levy (CCL) — exemption for mixed use fuel	The government has announced that it will introduce a mixed use exemption for CCL for solid fuels that are used in certain gasification processes.
Carbon Reduction Commitment (CRC) allowance prices for year 2014 — 15	The CRC allowance prices for year 2014 — 15 will be: £15.60 per tonne of carbon dioxide in the forecast sale; and £16.40 per tonne carbon dioxide in the buy to comply sale
Aggregates Levy	The Government had already announced in a Written Ministerial Statement on 13 September 2013 that they will suspend exemptions, reliefs and exclusions from aggregates levy, which are the subject of the EU Commission state aid investigation, with effect from 1 April 2014. There will be a provision which allows the Government to reinstate these should the EU Commission rule that these are acceptable. Any revenue received by the

	Government as a result of the withdrawal of these reliefs, etc will be repaid if the result of the investigation allows these to be reinstated.
--	---

### Other indirect taxes

The following changes were announced:

Change	Details
Fuel duty	The planned increase due to take place on 1 September 2014 has been cancelled.
Rural fuel rebate	The Government has announced that it has extended its information request in respect of the possible extension of the current rural fuel rebate scheme to remote areas on the UK mainland. The application to extend the scope of the scheme should be submitted to the EU Commission for approval in January 2014.
Vehicle Excise Duty (VED)	<p>The Government announced that it will introduce legislation that will reduce the tax administration costs and burden by implementing the following changes. With effect from 1 October 2014:</p> <p>motorists will have the ability to pay their VED by direct debit either annually, biannually or monthly if this would be preferable. Motorists opting to pay biannually or monthly will be liable to a 5% surcharge (Finance Bill 2014)</p> <p>A paper tax disc will no longer be issued as an electronic system will be introduced, so there will be no legal requirement to display the disc (Finance Bill 2014)</p>
Fuel duty incentives for cleaner fuels	<p>The fuel duty differential between the main rate of fuel duty and the rate applied to road fuel gases (compressed natural gas, liquid natural gas, biomethane) will remain the same until March 2014. The differential between the main rate and the liquefied petroleum gas (LPG) rate will continue to be reduced by 1ppl each year until 2024.</p> <p>The Government has indicated that it will review the impact of these incentives on vehicle purchases and the public finances in Budget 2018.</p>

	The Government also announced that it intends to seek EU Commission approval to apply a reduced rate of fuel duty to methanol.
Alcohol Price Floor	Following on from its announcement on 17 July 2013, the Government has re-confirmed that it will ban sales of alcohol below duty plus VAT in England and Wales with effect from Spring 2014.

### Oil and gas taxes

The following was announced:

Change	Details
Onshore oil and gas allowance	The Government announced that it will introduce an allowance with immediate effect that is intended to support onshore oil and gas exploration and development. The allowance will exempt a proportion of the company's profits from the supplementary charge. The amount of the exempt profit will equal 75% of the qualifying capital expenditure a company incurs on onshore oil and gas projects.
Oil and gas exploration	<p>A package of measures will be introduced to support oil and gas exploration in the UK and UK Continental Shelf. The measures will include:</p> <p>extending the ring fence expenditure supplement from 6 to 10 accounting periods for all onshore ring fence oil and gas losses and qualifying pre-commencement expenditure incurred on or after 5 December 2013.</p> <p>reviewing options available to mitigate the impact of profit transfer, a targeted anti-abuse rule on oil and gas exploration and appraisal and similar activities in other sectors.</p> <p>The following changes will also come into effect from the date of Royal Assent of the Finance Bill 2014:</p> <p>reinvestment relief will be extended to prevent a chargeable gain being subject to a corporation tax charge where the company sells an asset in the course of exploration and appraisal activities and reinvests the proceeds in the UK or UK Continental Shelf; and the substantial shareholding exemption will be extended to treat a</p>

	<p>company as having held a substantial shareholding in a subsidiary being disposed of for the 12 month period before the disposal where that subsidiary is using assets for oil and gas exploration and appraisal which have been transferred from other group companies.</p>
--	--