

## **VAT Standard Rate increases to 17.5%**

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All VAT registered traders are reminded and should be aware that the standard rate of VAT which was temporarily reduced to 15% on 1<sup>st</sup> December 2008 will revert to the previous rate of 17.5% with effect from 1<sup>st</sup> January 2010.

Special arrangements have been put in place to ease the administrative burden of those who will trade through the new year's eve into new year's day.

However for most registered businesses the standard tax rate will be effective after midnight on the 31<sup>st</sup> December 2009.

Transitional arrangements and procedures for work and contracts already commenced also exist.

The Collector, Denis Maxwell said "We are putting this message out now to ensure that business has the time to organise their affairs to cope with the change."

The Treasury Minister, Alan Bell, MHK commented "It is our understanding that the rate will revert, but we will be keeping a close eye on the Chancellor's pre-budget statement, which he will make on 9<sup>th</sup> December 2009, just in case there are any further changes for VAT."

### **Notes**

The special arrangements for retail businesses trading over new year's eve/day can be found on the IOM Customs and Excise website, together with a link to the HMRC website holding the latest information at the following address

[http://www.gov.im/treasury/customs/faqs/rate\\_change.xml](http://www.gov.im/treasury/customs/faqs/rate_change.xml)

General enquiries should be addressed to the Advice Centre at Customs and Excise (Tel: (01624) 648130).

*Produced by Isle of Man Finance, 2<sup>nd</sup> Floor, Illiam Dhone House, 2 Circular Road, Douglas IM1 1PG  
If you have any queries regarding this update please contact: Ray Davies, telephone 686406 or e-mail ray.davies@gov.im*