

Repayment Supplement Assists Trader With Appeal Costs

Please contact us if you have any questions regarding this Newsletter



Liban Ahmed
Director

London Office
The 401 Centre
302 Regent Street
London
W1B 3HH
Tel: 0870 405 7695

liban.ahmed
@ctmltd.com

Liban worked for HM Revenue & Customs for 20 years, predominately in VAT investigations, before being recruited as an indirect tax advisor at KPMG. He formed CTM in 2005 and now manages all Tribunal appeals.

Useful Links:

- [Tribunal Decision Database](#)
- [Calltell Decision](#)
- [Livewire Decision](#)
- [Olympia Decision](#)
- [Honeyfone Decision](#)
- [MobilX Decision](#)

CTM wins trader large repayment supplement

CTM conducted an exercise with one client, with the sole purpose of recovering repayment supplement for earlier periods where VAT repayments were paid late by Customs. Repayment supplement is penalty payment of 5% of the total amount reclaimed.

We asked a trader to provide a schedule detailing the date every VAT return was submitted and the date payment was received. We discovered that several periods had received late payments. At our request, repayment supplements were paid without argument for two very small reclaims, but Customs stated that the three large claims were repaid late, as the Officer had conducted additional enquiries.

We further challenged Customs on the three larger periods and received no response. On one period we were convinced that the 30 day clock had been stopped, and not restarted in good time, and we appealed to the Tribunal. Within a week of the appeal we received a letter from Customs stating that repayment supplement of nearly £80,000 would, in fact, be made.

We are now asking all our clients to look at previous repayments and inform us of those that were repaid late, no matter how many years old.

In broad terms, if you submit your VAT return on time, Customs have 30 days from the date you submit it to make a payment. If they are not conducting a supply chain verification, the clock can only be stopped if the Officer has requested documents from a trader and is waiting for them. The clock restarts as soon as the Officer receives the requested documents, or information.

In this case, the Officer requested documents on day 29 and the clock rightly stopped with one day to go. The Officer, on receipt of the documents seven days later, should have authorised the claim within one day. He, in fact, authorised the claim two weeks later and was out of time.

The Customs Repayment Supplement Team claimed to have conducted enquires with the Officer concerned and found that we were wrong. It was only because we appealed the decision to the VAT and Duties Tribunal that they reluctantly paid.

We would urge all traders to have a good look through their previous repayment claims and conduct a similar exercise.

We hope this helps but, should you need further information, do not hesitate to contact us.