



Welcome to July's Tax Centre of Excellence (Tax CoE) Customer Bulletin. The following aims to provide a snapshot of tax news/updates and signpost to more information where relevant. The Tax CoE can provide advice on a wide range of complex tax matters not limited to topics discussed here, for more information please visit our [website](#).

## ■ Introduction to the Tax CoE

As we have increased our circulation list for this bulletin we thought it worthwhile giving you a brief overview of the Tax CoE, who we are, what we do and how we can help you.

The Tax CoE is a central tax function that provides tax advice, guidance and training across central Government and the wider Public Sector. We act as the voice of government departments, liaising with HMRC and HM Treasury to raise tax issues and progress initiatives that support and benefit tax compliance across government. We are also keen to build a tax community across Government and host regular tax technical calls and forums on VAT and Direct Tax topics. The Tax CoE is made up of the tax teams of Department for Work & Pensions, Ministry of Justice, Home Office, Department of Health & Social Care and Ministry of Defence.

You can find tax guidance relevant to the public sector on [our website](#) or email us at the following [email address](#) with specific queries you may have.

## ■ Reduced VAT rate – Hospitality and Tourism Supplies

In response to the economic impacts of the Covid-19 pandemic, the government has announced a temporary cut in the VAT rate from 20% to the 5% reduced rate for certain supplies relating to hospitality, hotel and holiday accommodation and admissions to certain attractions. The temporary reduced rate applies to supplies made between 15 July 2020 and 12 January 2021.

The Tax CoE have issued [supplementary guidance](#) on the impacts of the reduced rate. Key references to HMRC guidance and legislation can also be found below:

[HMRC Policy paper](#)

[HMRC Guidance – VAT Reduced Rate](#)

## ■ Extension to Personal Protective Equipment (PPE) Zero Rate

HM Treasury has extended the zero rating of the provision of PPE until 31 October 2020. This measure was introduced with effect from 1 May 2020 and was originally due to expire after 3 months. HMRC's briefing / policy paper can be found at the [following link](#), which also describes the products that are covered by the zero rate.

## ■ Construction Industry Scheme VAT Reverse Charge Deferral

Due to the impact of Covid-19 on the construction sector, the introduction of the domestic reverse charge for construction services will be delayed from 1 October 2020 until 1 March 2021. The reverse charge will affect specified services that are reported under the Construction Industry Scheme – see [Tax CoE guidance](#) and [HMRC guidance](#) on this topic for more information.

## ■ Government Procurement Cards – New Tax CoE Guidance

The Government Procurement Card (GPC or sometimes referred to as ePCS) is a corporate purchasing card for departmental staff to use, traditionally for low value transactions. A new [Tax CoE guidance document](#) highlights various tax implications that can arise from the use of GPCs. We have drafted this tax guidance in response to a general trend to relax restrictions on the use of these cards due to their efficiency as a purchasing method and to help with Covid-19 pressures.

## ■ Temporary Exemption – Reimbursed expenses for home-office equipment

HMRC have recently announced a temporary tax exemption for employer reimbursements of the cost of home-office equipment (see [HMRC Policy Notice](#)). If employees need to purchase office equipment to allow them to work from home and are reimbursed for the cost of this, then this won't be taxable provided:

- The equipment is obtained with the sole purpose of enabling the employee to work from home as a result of the coronavirus outbreak; and
- that it would have been exempt from income tax if it had been provided directly to the employee by or on behalf of the employer - this includes the proviso that there will be no significant private use.

This exemption runs from 11 June 2020 until 5 April 2021, although HMRC have stated that they will use their discretion and not collect tax and NICs due on any reimbursed payments made from 16 March 2020 until 11 June 2020. Under this exemption, there is no taxable benefit arising due to ownership of the equipment residing with the employee.

Tax CoE have updated our Covid-19 Taxable Expenses Guidance to reflect this change – this can be found at the following [link](#).

## ■ HMRC Employer Bulletin

HMRC have issued their [June 2020 Employer Bulletin](#). This covers a host of different updates on direct tax matters and it is important to read and understand these.

## ■ Finance Bill 2019-21 Progress

The Finance Bill 2019-21 completed its House of Commons Report stage and had its third Commons reading on 2 July 2020. All proposed government amendments were agreed and all amendments proposed by the Opposition were defeated. The Finance Bill process is therefore nearing completion which means that the off-payroll tax reforms are one step closer to becoming law. For more information on the progress of the Bill, including the draft legislation, see the [Finance Bill page](#) on Parliament.uk.

## ■ New Border Operating Model Published

The UK Government has published a new [Border Operating Model](#) that sets out technical details on how the border with the European Union (EU) will work after the transition period ends on 31 December 2020. This an important document – there are actions that need to be taken by traders, hauliers, ports and carriers.

*Don't forget to visit our Tax CoE [website](#) regularly, which contains lots of other useful guidance and documentation.*

*Once more, we welcome feedback on this bulletin and if there are any topics that you would like to see covered in the future. Email us [here](#).*