



The Association of
Accounting Technicians

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30 March 2015

Ms Karen Pittis
HMRC

email: karen.pittis@hmrc.gsi.gov.uk

Dear Ms Pittis

Draft legislation: The Value Added Tax (Amendment) (No) Regulations 2015 - deductible VAT relating to foreign branches

The Association of Accounting Technicians (AAT) is pleased to note that on 18 March 2015 HMRC published for consultation a draft Statutory Instrument (SI) amending regulations 101, 102 and 103 of the VAT Regulations 1995 (the Regulations).

AAT welcomes the opportunity to comment on the draft SI on behalf of our membership and from the wider public benefit perspective of achieving sound and effective administration of taxes.

AAT supports the proposal to amend the Regulations in such a way as to prevent businesses from being able to take into account supplies made by foreign branches when carrying out their partial exemption calculations.

AAT supports the proposed amendment which is required in order to implement the provisions of EU VAT law after it was decided by the Court of Justice of the European Communities in *Le Crédit Lyonnais v Ministre du Budget, des Comptes publics et de la Réforme de l'État* [2013] EUECJ C-388/11, that EU VAT law could not be interpreted so as to allow a business to take into account the turnover of its foreign branches when calculating how much input tax it could deduct in the country where it has its principal establishment.

Thank you for the opportunity to comment on the draft SI.

About AAT

AAT is a professional accountancy body with over 49,800 full and fellow members and 83,700 student and affiliate members worldwide. Of the full and fellow members, there are over 4,100¹ Members in Practice who provide accountancy and taxation services to individuals, not-for-profit organisations and the full range of business types).

AAT is a registered charity whose objectives are to advance public education and promote the study of the practice, theory and techniques of accountancy and the prevention of crime and promotion of the sound administration of the law.

¹ Figures correct as at 31 December 2014

Further engagement

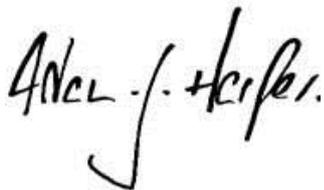
If you have any questions or would like to discuss any of the points in more detail then please contact the AAT at:

email: consultation@aat.org.uk and aat@palmerco.co.uk

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Yours sincerely



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