



CLYDEBANK HOUSING ASSOCIATION LIMITED

TO: Management Committee (26-Nov-19)

DATE: 22.11.19

FROM: Head of Finance & Corporate Services

REF: /LL

SUBJECT: CHA - VAT DEREGISTRATION

Purpose of Report

The purpose of the report is to update the Management Committee on the possibility of cancelling the VAT registration for CHA and to allow consideration of the information and any recommendations and arrive at decisions where required.

Potential impact on tenants and service users/Tenant Consultation requirements

There is no adverse impact on tenants and other service users as a result of information and decisions required in this report.

Value for Money

CHA considers Value for Money in all aspect of its business including: -

- Managing our resources to provide quality services and homes to meet the needs of customers and the local community.
- Delivering the right service at the right time at the right cost.
- Planning for and delivering year on year improvements on our services based on customer priorities.
- Getting the most out of our assets and staff by operating efficiently and effectively.

The Association acknowledges that effective use of its resources will support the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value and ensuring efficiencies in all tasks, and employing suitable performance measurement techniques.

Risk

There is no risk, financial or otherwise associated with any of the updates contained within this report in relation to potential ongoing costs which cannot be facilitated within the short, medium and long term business plan.

Legal/constitutional Implications (Reference to Model Rules)

There are no adverse legal implications as a result of this report and/or any decision required.

Relevant CHA Objectives:

- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.

Relevant SHR Regulatory Standards of Governance and Financial Management

- The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these objectives.
- The RSL manages its resources to ensure its financial well-being while maintaining rents at a level that tenants can afford to pay.
- The governing body bases its decision on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The RSL conducts its affairs with honesty and integrity.
- The governing body and senior officers have the skills and knowledge they need to be effective.

The Management Committee will require confirming that the contents of this report and decisions required do not constitute a breach, material or otherwise, of the above Standards and there is no requirement to report a Notifiable Event to the Regulator.

Equalities

No protected group is adversely affected by the proposals, recommendations or updates within this report. Our commitment to equal opportunities and fairness applies irrespective of factors such as race, sex, disability, age, gender reassignment, marriage & civil partnership, pregnancy & maternity, religion or belief and sexual orientation.

At a recent Management Committee training session, held on 12 November 2019, the following Management Committee members approved the recommendation outlined in this report:

J Calderwood
J Hillhouse
K Tennant

Due to the level of 4 elected members required for a decision, the Management Committee are now asked to consider the recommendations outlined in order to proceed.

Background

Clydebank Housing Association has been registered for VAT since the mid 1990's in order to claim on VAT (value added tax) on consultancy fees for the Shared Ownership developments.

Since then, the Association has been required to submit quarterly returns to HMRC with the majority of them being "Nil returns". This means that the Association has neither paid nor claimed VAT on the majority of its activities as rental activities are classified as exempt which means we do not charge VAT on our rental income and therefore cannot claim back VAT on any of our costs.

Update

Presently, the Head of Finance & Corporate Services submits the required quarterly returns to HMRC and the only taxable activities, in which we are liable to pay VAT on, are as follows:

- Management charge to subsidiary company CHA Power Limited which is invoiced annually (2019/20 budget is £14,000 for this with £2,400 payable to HMRC by CHA and claimable by CHA Power)
- Homestake admin fees income – services charged to third parties for helping administer shared equity transactions (£100-£150 receivable per annum)

As outlined above, the total taxable income is c. £14,000 per annum and therefore the Association can apply for voluntary deregistration as the level is well below the threshold of £83,000 per annum.

The Head of Finance & Corporate Services has been working with an Independent VAT Advisor from VAT Services (Scotland) Ltd, who has been sub-contracted through the Association's External Auditors Alexander Sloan, and together have went through the deregistration process in full due to the complicated nature of VAT and HMRC implications.

The VAT Advisor, having reviewed the information provided, is confident that the Association would benefit from cancelling its VAT registration in order to save in the administration of VAT reporting and subsequent staffing time it requires. Due to the low level of taxable income, the Association may apply for voluntary deregistration.

Please note that the VAT deregistration would only apply to CHA and not for CHA Power Limited, who will still require to remain registered and submit quarterly returns.

Recommendation

The Management Committee are required to approve the cancellation of the CHA VAT registration from 31st December 2019. This date would allow for the last return to be submitted at the end of the next financial quarter and any VAT payable would be submitted within this last return.

If agreed, the Chairperson is required to sign the HMRC application form which has been attached for information.



About this form

This form is designed to be filled in on screen. You must answer all the questions except those marked 'optional'. You can't save the form but once you've completed it you'll be able to print a copy and post it.

Before you complete this form please read VAT Notice 700/11 Cancelling your registration, which will help you to decide if you want or need to cancel your VAT registration.

Do not complete this form if you're transferring your business or changing your legal entity and it has been agreed that the new owner or legal entity will retain the VAT Registration Number, see Notice 700/11.

Please note if:

- you fail to cancel your registration at the right time you may have to pay a penalty
- you choose to deregister voluntarily you will be deregistered from the date we received your form unless you request a later date, see Notice 700/11
- you're required to be deregistered you will be deregistered from the date that you ceased to have an entitlement to VAT registration, see Notice 700/11

About the business

VAT Registration Number

680664122

Full name

Clydebank Housing Association Ltd

Is your trading name different to the name given above?

- Yes
 No

Address of your principal place of business (that is the address from which you normally trade)

Is this address in the UK?

- Yes
 No

Line 1

77-83 Kilbowie Road

Line 2

Clydebank

Line 3 (optional)

West Dunbartonshire

Postcode

G81 1BL

Is the correspondence address different from the principal place of business address?

- Yes
 No

Daytime phone number

01419411044

Mobile phone number

07745976885

cancelling your registration

Why are you applying to cancel your registration?

- I have ceased to trade
 My taxable turnover in the next 12 months will be below the current deregistration limit
 I am still trading but only make supplies that are exempt or outside the scope of UK VAT
 I am still trading but my taxable supplies are solely or mainly zero-rated and I want to apply for exemption from VAT registration
 I am changing my legal entity (for example, from a partnership to a limited company) or I have transferred or sold my business as a going concern
 I am joining a VAT group (you must also complete a VAT50 and VAT51)
 My VAT group is disbanding (you must also complete forms VAT50 and VAT51 for each group member)
 The business has gone into liquidation

Applying to deregister on grounds of reduced turnover

What is the value of taxable supplies you expect to make in the next 12 months?

£ 14,000.00

Please give specific details in the 'Additional information' box of why the value of your taxable supplies in the next 12 months will be under the deregistration threshold (for example, reduction in prices, reduction in opening hours, lost contracts).
Note: if you wish to deregister on the grounds of reduced turnover, your deregistration cannot be backdated. The earliest date we can deregister you from is the date we received your application.

Do you want to deregister from a later date?

- Yes
 No

Date you want to deregister

31 12 2019

Please give details of the reason for your request in the 'Additional information' box.

Do you have, or have you had, an option to tax on any property?

- Yes
 No

Do you use the Cash Accounting Scheme?

Yes

No

Estimate the total VAT inclusive value of stocks and assets you have on hand on which VAT is due. This includes the value of the property on which an option to tax has been made and VAT has been reclaimed.

Estimate of total VAT

£

You may have to account for VAT on these assets on your final VAT return. See Notice 700/11 for further information.

Have your business bank account details changed?

Yes

No

I have no account or my account has been closed

Additional information

Use the space below to give further information. If you need more space, please use a separate sheet of paper and attach it to this form.

Our taxable income for a number of years has been a management charge to our subsidiary company CHA Power Limited and a small admin charge for services to a third party. The total taxable income is between £13k and £14k per year.

Declaration

This section must be completed by:

- the sole owner of the business
- a partner
- a director or the company secretary
- an officer or official applying on behalf of an unincorporated body, for example, secretary, trustee
- an authorised agent (HM Revenue and Customs must be informed by the business that the agent has been authorised to act on their behalf)

I declare that the information on this form and contained in any accompanying document is true and complete.

When you have printed the form, please sign and date it in the appropriate boxes.

Signature

Date

DD MM YYYY