



Global Tax Update

United Kingdom

Deloitte Tohmatsu Tax Co.

August 2016

1. Transfer of trade/tax losses: HMRC win in Upper Tribunal

The Upper Tribunal has decided in favour of HMRC in the Leekes loss streaming case, reversing the decision of the First-tier Tribunal. The Leekes group acquired Coles, a loss-making company with a business similar to that of Leekes. The Coles business was transferred to Leekes, who rebranded the business under the Leekes name but continued the trade. HMRC and Leekes Ltd agreed that there was a succession of a trade, and that Leekes had only one trade following the succession. HMRC argued that the Coles losses had to be streamed against profits of the 'old' trade; Leekes argued that there was no justification for restricting the losses in this way. The Upper Tribunal agreed with HMRC, observing that 'the predecessor could not have carried on the enlarged trade but only its own, smaller trade and it is only by reference to the profits, if any, of that trade that it would have been entitled to relief for accumulated losses.'

See <http://deloi.tt/2aqOsR9>.

2. Persons of Significant Control (PSC) register goes live

UK incorporated companies, limited liability partnerships and certain other entities are now required to identify individuals that have significant control over them and provide this

information to Companies House. The names and addresses of these persons will be publically listed on the PSC register. The register, which has now gone live, includes information about the individuals who own or control companies including their name, month and year of birth, nationality, and details of their interest in the company. From 30 June 2016, UK companies (except listed companies) and limited liability partnerships (LLPs) need to declare this information when issuing their annual confirmation statement to Companies House. See <http://deloi.tt/29fK5vl>.

3. New European VAT rules on vouchers from (or before) 1 January 2019

The European Council has announced that it has approved a directive aimed at increasing legal certainty for transactions involving vouchers. The directive that has been adopted is narrower in scope than the Commission's 2012 proposal. It defines single-purpose vouchers and multi-purpose vouchers and sets rules to determine the taxable value of transactions in both cases. Member States of the EU will have until 31 December 2018 to transpose the directive into national laws and regulations and the new provisions will only apply to vouchers issued after that date. From a UK standpoint this raises two key questions: the first around the impact should the UK leave the EU; the second

as to whether the current UK legislation around vouchers will be retained until the proposed implementation date given the challenges raised in the Associated Newspapers cases (which are now awaiting hearing in the Court of Appeal), or if the UK may seek to introduce changes more quickly.

See <http://deloi.tt/29hQow1>.

4. “Outside the scope” income leads to loss of input tax: Upper Tribunal decision

The Upper Tribunal has agreed with the First-tier Tribunal’s conclusion in the case of Vehicle Control Services Limited (VCS), and confirmed that VCS was not entitled to recover input tax to the extent that it related to “outside the scope” income - from penalties imposed when motorists contravened the parking regulations in the car parks that it managed. In 2013, the Court of Appeal agreed with VCS that income from penalty charge notices was not subject to VAT. HMRC subsequently took the view that this meant that VCS was entitled to reclaim only a proportion of the VAT on its costs. The First-tier Tribunal, and now the Upper Tribunal, agreed.

Newsletter Archives

To see past newsletters, please visit our website.

www.deloitte.com/jp/tax/nl/eu

Contacts

Deloitte LLP (London)

Yuki Konii, Partner ykonii@deloitte.co.uk

Hiro Hidaka, Director hhidaka@deloitte.co.uk

Issued by

Deloitte Tohmatsu Tax Co.

Tokyo Office

Shin-Tokyo Building 5F, 3-3-1 Marunouchi,

Chiyoda-ku, Tokyo 100-8305, Japan

T e l : +81 3 6213 3800

email : tax.cs@tohmatu.co.jp

Corporate Info. : www.deloitte.com/jp/en/tax

Tax Services : www.deloitte.com/jp/tax/s/en

Deloitte Tohmatsu Group (Deloitte Japan) is the name of the Japan member firm group of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee, which includes Deloitte Touche Tohmatsu LLC, Deloitte Tohmatsu Consulting LLC, Deloitte Tohmatsu Financial Advisory LLC, Deloitte Tohmatsu Tax Co., DT Legal Japan, and all of their respective subsidiaries and affiliates. Deloitte Tohmatsu Group (Deloitte Japan) is among the nation’s leading professional services firms and each entity in Deloitte Tohmatsu Group (Deloitte Japan) provides services in accordance with applicable laws and regulations. The services include audit, tax, legal, consulting, and financial advisory services which are delivered to many clients including multinational enterprises and major Japanese business entities through over 8,700 professionals in nearly 40 cities throughout Japan. For more information, please visit the Deloitte Tohmatsu Group (Deloitte Japan)’s website at www.deloitte.com/jp/en.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. To learn more about how Deloitte’s approximately 225,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

All of the contents of these materials are copyrighted by Deloitte Touche Tohmatsu Limited, its member firms, or their related entities including, but not limited to, Deloitte Tohmatsu Tax Co. (collectively, the “Deloitte Network”) and may not be reprinted, duplicated, etc., without the prior written permission of the Deloitte Network under relevant copyright laws.

These materials describe only our general and current observations about a sample case in accordance with relevant tax laws and other effective authorities, and none of Deloitte Network is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. The opinions expressed in the materials represent the personal views of individual writers and do not represent the official views of Deloitte Network. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.