

2006 Pre-Budget Report



PBRN 25

6 December 2006

VAT: TRANSFER OF GOING CONCERN

Who is likely to be affected?

1. Any type of business that sells or acquires a business as a going concern, but mainly small and medium sized enterprises.

General description of the measure

2. VAT record keeping requirements for businesses transferred as a going concern will be brought into line with other tax & regulatory regimes so that the seller retains his records, except in the few cases where because the buyer retains the seller's VAT number it is essential for VAT compliance purposes that the records are passed over.

Operative date

3. The change will have effect on and after the date on which Finance Bill 2007 receives Royal Assent.

Current law and proposed revisions

4. Section 49(1)(b) of the VAT Act 1994, determines who retains the business records following a transfer of a going concern. VAT law will be amended so that:
 - The seller will keep the business records in all but a few specified cases; and
 - The information that must be passed to the buyer is set down in the law.

Further advice

5. If you have any questions about this change, please contact Ian Allen on 020 7147 0009. Information about Pre-Budget Report measures is available on the HM Revenue & Customs website at www.hmrc.gov.uk