

NILSC Guidance Notice: Reversion of the VAT rate to 17.5%

This guidance notice sets out the Commission's arrangements for handling the return of the standard rate of VAT to 17.5% with effect from 1 January 2010.

With effect from 1 January 2010 the Commission commenced authorisation for payment of new claims received from that date at the rate of 17.5% VAT. Any claims received by the NILSC prior to 1 January 2010 and which are still awaiting payment will continue to attract a 15% VAT rate. On authorisation of these claims, the 15% VAT rate will be applied by means of a VAT correction facility on our IT system; this will appear as an adjusting VAT item on the detailed remittance advice issued from 1 January 2010.

Criminal Work

There is an exception in respect of claims that have been received directly from Counsel (and which are paid directly to Counsel); as the tax point for Counsel is generally determined by the point of payment. In respect of claims authorised for payment that are received after this date but reflect work undertaken prior to the rate change on 1 January 2010, the NILSC can, by concession, apply the 15% rate. This will be dealt with on an exceptional case-by-case basis.

The Commission would remind legal providers that you are responsible for your VAT accounting and would recommend that any queries regarding the changes to VAT rates should be discussed with your local VAT office and/or Tax Advisor.