

Taunton Deane Borough Council

Full Council – 16 February 2010

Windfall VAT Receipt

Report of Strategic Finance Officer

(This matter is the responsibility of Executive Councillor Nicola Wilson.)

Executive Summary

This report gives details of a one off windfall and recommends transfer of the net amount into the General Fund Reserve.

1. Purpose of Report

- 1.1 This report seeks authorisation to transfer a windfall VAT receipt of £649,119. (income of £783,833, offset by expenditure of £134,714) to the General Fund Reserve.

2. Background

- 2.1 HM Revenue and Customs altered the regulations relating to claims for overpaid VAT but gave no lead period. Following a House of Lords judgement that this was unfair a window was opened enabling claims to be made back as far as 1974 up to the date that the three year cap was brought in. The cut off for these claims was 31 March 2009
- 2.2 The Council engaged Pricewaterhouse Coopers to conduct a review of VAT activity on a “no win no fee” basis, removing any risk of paying Pricewaterhouse Coopers unless benefits were identified.

3. Outcome of Review

- 3.1 The Council has now been able to reclaim overpaid VAT and associated interest in several areas as below:-

3.2

VAT Relating to:	£
Excess parking charges 1 April 1985 to 31 March 1996	£68,166
Statutory interest on the above from 30 April 1985	£65,109
Cemetery supplies 1 April 1974 to 30 November 1996	£5,024
Statutory interest for the above from the 31 May 1974	£5,778
Cemetery supplies 1 June 2006 to 30 April 2009	£2,936
Leisure Admissions 1 January 1990 to 30 April 1994	£336,991
Statutory interest for the above 28 February 1990	£299,829
Total	£783,833

3.3 The charge made by Pricewaterhouse Coopers for this work was £134,714 resulting in a net receipt of £649,119.

4. Recommendations

4.1 This receipt is a one off receipt and therefore should not be used to fund ongoing budget issues.

4.2 It is recommended that Full Council approves a supplementary estimate for income of £606,718

4.3 It is recommended that Full Council approves a supplementary estimate for expenditure of £606,718 to fund the one-off cost of implementing Phases Two and Four of the Core Council Review (being £13,718 more than originally reported to the Executive due to an unforeseen change in the profile of staff redundancies).

4.4 It is recommended that Council approves the transfer of the balance being £42,401 to General Fund Reserves at the year end.

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