

HMRC appeals VAT bad debt relief decision***HMRC v GMAC UK plc***

HMRC has appealed the First Tier Tribunal's decision in the GMAC UK plc case. This concerns the validity of the UK's historic restriction of bad debt relief to circumstances where the debtor was formally insolvent and/or title in goods had passed to the debtor. The outcome of this appeal could be highly significant to a range of UK businesses.

The FTT decided that the 'insolvency' and 'reservation of title' preconditions for bad debt relief claims were incompatible with EU law and must be disapplied, potentially affording businesses the opportunity to submit historic claims. (See [previous article](#)).

Businesses which have submitted claims should continue to maintain them pending the outcome of this appeal.

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