

DCUSA Issues Form (DIF)

This form should be used by parties to submit matters for consideration to DCUSA Standing Issues Group (SIG).

The completed form should be issued to DCUSA@electralink.co.uk

Document Control	
Date Submitted	11/06/12
Issue Title:	Inclusion of VAT within Charges
Issue Number*:	DIF 031
Meeting Ref*:	06/12
Attachments:	

**Assigned by DCUSA Secretariat*

Originator details	
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Party Category	Supplier
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Nature of Issue

DCUSA Clause 19.6.1 states that *"All charges payable by or to the User pursuant to this Clause 19 and Clauses 20, 21 or 22: are exclusive of Value Added Tax and the Company shall include with such Charges (and the Payor shall, subject to a valid invoice having been issued, pay) Value Added Tax (if any) at the rate applicable thereto from time to time, and any such Value Added Tax shall be payable at the same time and in the same manner as the amounts to which it relates"*.

The current wording of *"shall include with such Charges"* may be interpreted as *"shall add to"*. If the phrase was to include VAT then it should be *"shall include within"*.

Therefore under the current wording Charges (defined term) refers to VAT exclusive figures. As a User's Value At Risk is calculated using Charges then it must be done so using VAT exclusive figures. This is at odds with the current practice of at least 4 DNOs.

We believe that the wording of this clause is ambiguous and creates confusion as to whether VAT should or should not be included. This causes issues in the calculation of Value At Risk values and may lead to disputes between DNOs and Suppliers in agreeing the correct Credit Cover value.

Solution Overview – if known

Solution description:	Any solution would first require all DNOs to confirm whether they currently include VAT within Charges. If yes, then the wording within DCUSA should be clarified to state this. If no, then a decision would need to be made whether VAT should or should not be included, and the wording of DCUSA amended accordingly.
Lead time for Implementation:	