

# 2015 / 2016

## TAX SAVING TOOLS

### VAT CONSIDERATIONS

#### Notes

- 1 If your sales over a period of 12 months is likely to exceed £82,000, you must apply to be registered for Vat. The registration date will be from the date that the limit is reached.
- 2 Where the business turnover is less than £150,000 per year, you can apply for the Flat Rate Scheme, which is a simplified way of making the returns and does not affect the vat chargeable to your clients or customers and may prove beneficial in some cases.
- 3 Cash accounting is also available for business with a turnover of less than £1,350,000., where you only account for output tax on the cash receipts rather than the invoices raised.
- 4 Input Vat can be claimed on goods purchased before registration if they are still in stock on the date of registration, and may apply to other items.
- 5 Vat on bad debts can be claimed back provided they are more than 6 months old.
- 6 If you deregister for Vat, you can still claim back the input vat on purchases and expenses made prior to the deregistration.
- 7 Filing your Vat return allows you to have an extra 7 days and paying for it by direct debit allows you up to an extra 10 days
- 8 Goods and services exported out of the UK do not have any output vat and may result in a repayment from the Revenue & Customs.
- 9 Ensure the output vat and input vat can be clearly identified from the accounting records and referenced for easy retrieval.
- 10 Special rules apply to EU sales and purchases.
- 11 Ensure that all input tax claim is backed up by a proper vat invoice showing the vat number.

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