

REVERSE CHARGE VAT

Liz Bridge

Secretary to the Joint Taxation Committee

Summer 2019



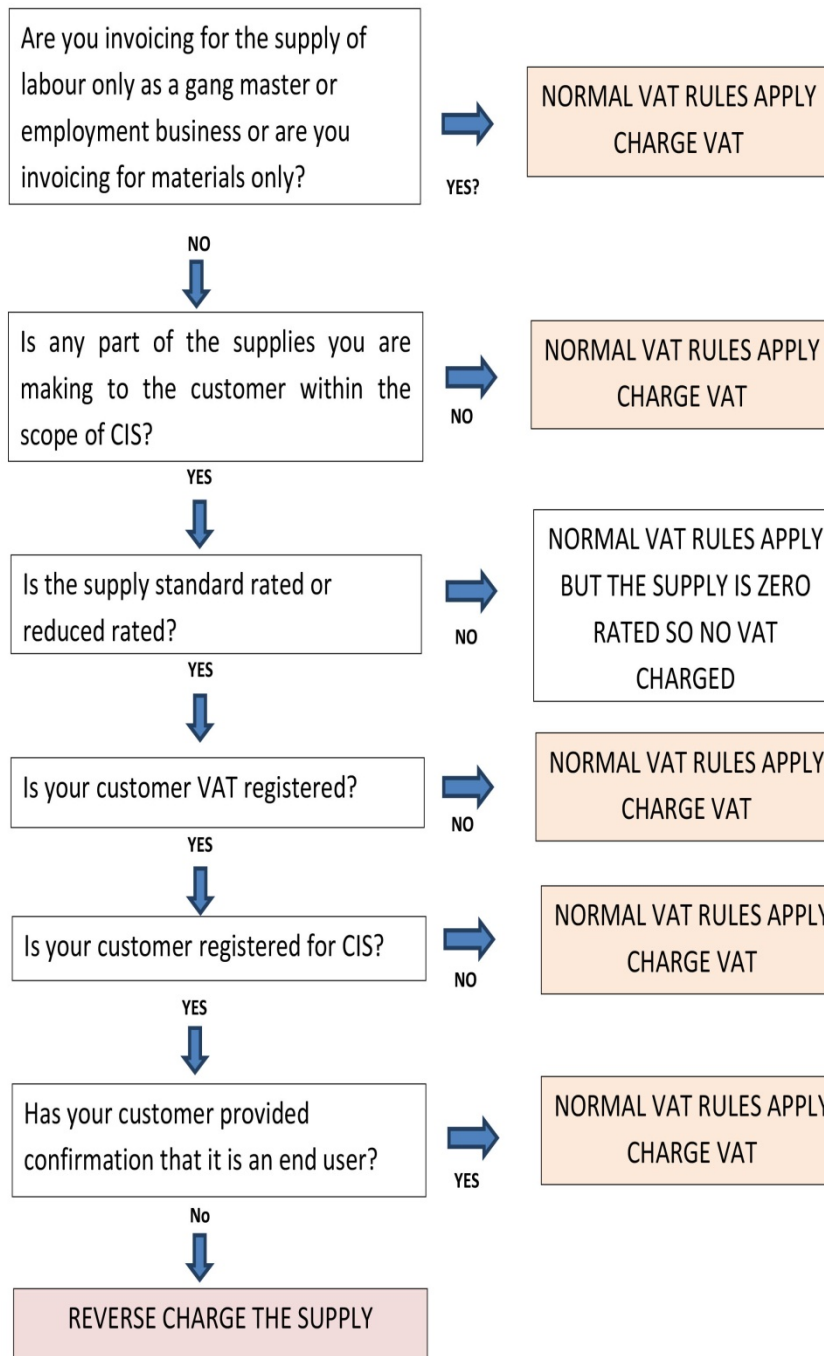
Transition on 1.10.2019.

- Invoice dated on or before 30.9 should carry VAT**
- Invoice dated 1.10 and after should be reverse charged**
- Self billing follows the same rule**

Transition on 1.10.2019

- If you have made applications for payment before 1.10 which are agreed for payment and are being processed through the transition they can be paid with VAT until 31.12.2019**
- If paid after 31.12.19 they must be adjusted to reverse charge**
- Applications processed after 1.10 must be reverse charged**

Sending out the correct invoice? Normal or reverse charge?



Some basic concepts

- Decide on a contract by contract basis like CIS.
- Is your customer VAT and CIS registered?
- Are you working for an end user –what is an end user?.

Who is an end user?

Look at who pays you and who you are
contracted with 4

Someone who will sell or rent or use the
structure --

A Developer

A Landlord

A Local Authority

A Utility Company

A Domestic Householder

What does an end user statement look like?

We are an end user for the purpose of Section 55A VAT Act 94 (Reverse charge for building and construction services). Please issue us with a normal VAT invoice with VAT charged at the appropriate rate . We will not account for the reverse charge,

Do you buy a lot of materials ?

- **Materials only supplies are NEVER reverse charged**
- **If the VAT on the materials you buy exceeds the VAT you will charge the customers/contractors you work for, you will have even greater stress on your cash flow unless you opt to become a monthly repayment trader**

What is a monthly repayment trader?

- They have opted to send in VAT returns monthly
- HMRC will generally repay within 10 days
- **YOU MUST TEST IF IT IS TO YOUR ADVANTAGE**

WHAT does a Reverse Charge Invoice look like? ³

- It shows the rate of VAT but does not request VAT
- It says it is a reverse charge invoice
–S55A VAT 1994 applies.

you will need normal invoice formats and reverse charge formats

TO DO LIST!

- Read the government website and get the training notes from BESA
- Talk to your accountant
- Plan out how you will pay your bills through the final quarter of 2019 when cash flow will be at its most difficult
- Redesign your invoices and applications for payment
- Consider how you will monitor whether your customers are VAT registered and CIS registered
- Think about whether you will need to be a monthly repayment trader.
- Consider warning letters to your subcontractors
- Upgrade software.

Useful !

www.gov.uk/guidance/vat-domestic-reverse-charge-for-building-and-construction-services

HMRC Business Support Service if you are running into cash flow problems

RING BEFORE THE DUE DATE

0300 200 3835

Do you need help? (Tax Problems Only!)

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