

Handling VAT CHANGES

The aim of this short guide is to give you a breakdown of the legislation changes coming from HM Revenue & Customs, explaining what each of these changes entails, and what you'll need to do in order to comply.

1 Jan
2010

VAT Rate

As you know, the standard rate of VAT was temporarily reduced to 15% on the 1 Dec 2008, and it's set to return to 17.5% on 1 Jan 2010.

This means that you must charge VAT at the rate of 17.5% for the sale of standard rated goods or services that you make on or after 1 Jan 2010.

This also means that if you operate a cash business, you will have to calculate your VAT at the rate of 17.5% using the VAT fraction of seven fortysevenths, from 1 Jan 2010.

If you're a retailer...

- If your customer pays after 1 Jan for something received before 1 Jan 2010, you should use the 15% rate
- You must use the 17.5% rate for all takings you receive on or after 1 Jan 2010
- If you issue VAT invoices, you have to use the 17.5% rate for all your takings received on or after 1 January 2010

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EC Sales List Submissions

At present, any trader who's registered for VAT in the UK and supplies goods to traders registered for VAT in other EC Member States is required to provide lists of their EC supplies. **On Jan 1 2010, this is set to change to include services as well as goods.**

This change to legislation will affect any business who:

- Supplies services to or receives services from overseas business
- Supplies goods to other EC countries
- Reclaims VAT incurred in another EC country

For more
information on how
you can submit your
EC Sales List, visit
www.hmrc.gov.uk

**1 Apr
2010**

VAT Filing

The way that many businesses file their VAT returns and pay VAT will also change on 1 Apr 2010.

This will affect:

- All VAT registered businesses with a turnover of £100,000+
- All businesses who registered for VAT, from 1 Apr 2010

If your business falls into either of these categories, you must file your VAT returns online and pay any VAT due electronically. This applies to all returns covering accounting periods beginning on or after 1 Apr 2010 and paper returns will no longer be issued for these periods.

For more
information about
online submissions
visit
www.hmrc.gov.uk

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