



business & tax advisers

VAT Do's and Don'ts

- **DO** keep a monthly record of your turnover if you are not yet registered for VAT - late registration can result in severe penalties
- **DO** notify HMRC when major changes take place - changes must be notified to HMRC within thirty days
- **DO** retain records for the last six years - these could be demanded by law
- **DO** obtain and keep VAT invoices - these are your authority to claim back VAT on supplies made to you
- **DO** charge VAT on supplies made to your staff
- **DO** charge VAT on any equipment or vehicles (except motor cars) that you sell or part-exchange
- **DO** account for VAT on fuel used for private motoring using the appropriate VAT scale charge

- **DON'T** claim the VAT paid on the purchase of a motor car - it is not recoverable except in some very exceptional cases
- **DON'T** claim the VAT paid on goods or services used for private purposes. Where there is an element of private use (e.g. telephone) an appropriate percentage should be claimed. Special arrangements apply to private use of petrol (see above)
- **DON'T** claim the VAT paid on entertaining (except for reasonable, relevant costs of entertaining overseas customers or costs incurred in providing entertainment to employees)
- **DON'T** forget to account for VAT on inter-company charges
- **DON'T** charge VAT on the sale of business assets where the transaction qualifies as the transfer of a business as a going concern (make sure contracts incorporate appropriate VAT provisions)