

VAT Returns

Completing the VAT return seems to be a sticking point with quite a few of our students and members and our examiners' comments have also often reflected this.

There is guidance on the HMRC website regarding filling in the return with explanations to take you through box by box.

The following are some of the VAT related questions that have been received through the Institute's technical support helpline:

I am not able to make an accurate return by the due date: What should I do?

If, for whatever reason, you are not able to make an accurate return by the due date, you should contact your local VAT Business Advice Centre immediately.

We would strongly advise members **not, under any circumstances**, to complete a VAT return if they know the figures they are posting are incorrect, for whatever reason. When completing a legal document such as a VAT return you are declaring that the figures are true and accurate.

My client is using cash accounting: What figures do I use for the VAT return?

If the cash accounting scheme is used, you must base the figure you put in BOX 1 on payments received, not invoices issued. More information is available in HMRC Notice 731 Cash Accounting.

Can I still claim input tax if my client does not have a valid VAT receipt for the purchase?

No, you must not claim input tax without a valid VAT receipt. Pro-forma invoices, letters, bills, order forms or statements do not constitute a valid VAT receipt.

You must also be careful, if you receive an invoice from an unregistered person or company, that you do not accidentally reclaim VAT; if you do this, you are actually committing an offence.

Where do I post the VAT on any bad debts the company may have incurred?

You will need to use Box 4 on the VAT return to claim bad debt relief. You can claim relief from the VAT on bad debts for the goods or services that you have supplied as long as you meet certain conditions such as:

- You must already have accounted for the VAT on the supplies and paid it to Customs and Excise
- You must have written off the debt in your accounts and transferred it to a separate bad debt account
- The debt must have remained unpaid for a period of six months

(For more details of conditions on Bad Debt relief see HMRC VAT notice 700/18)