

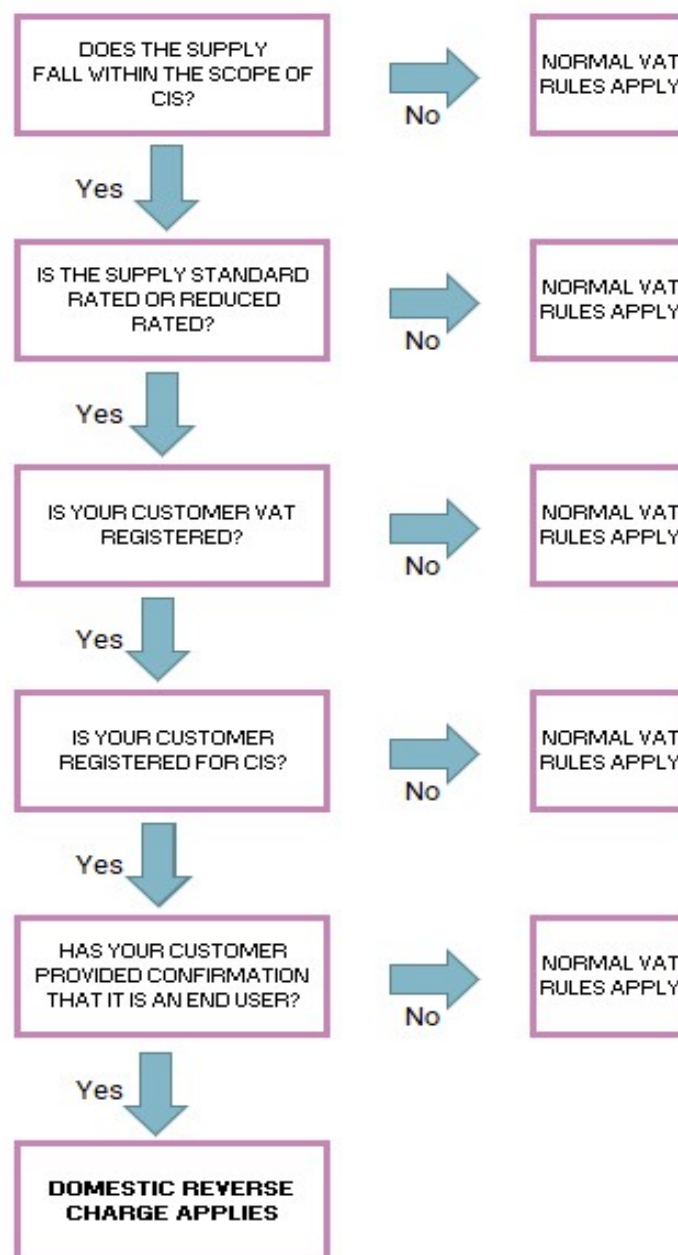
REVERSE VAT – THE QUICK GUIDE

OVERVIEW

Total Accounting provides this factsheet to help you understand the basics of the reverse charge. The reverse charge represents part of a government clamp-down on VAT fraud. Large amounts of VAT are lost through 'missing trader' fraud. As part of this type of fraud, VAT is charged by a supplier, who then disappears, along with the output tax. The VAT is thus lost to HMRC. Construction is considered a particularly high-risk sector because of the potential to make supplies with minimal input tax but considerable output tax.

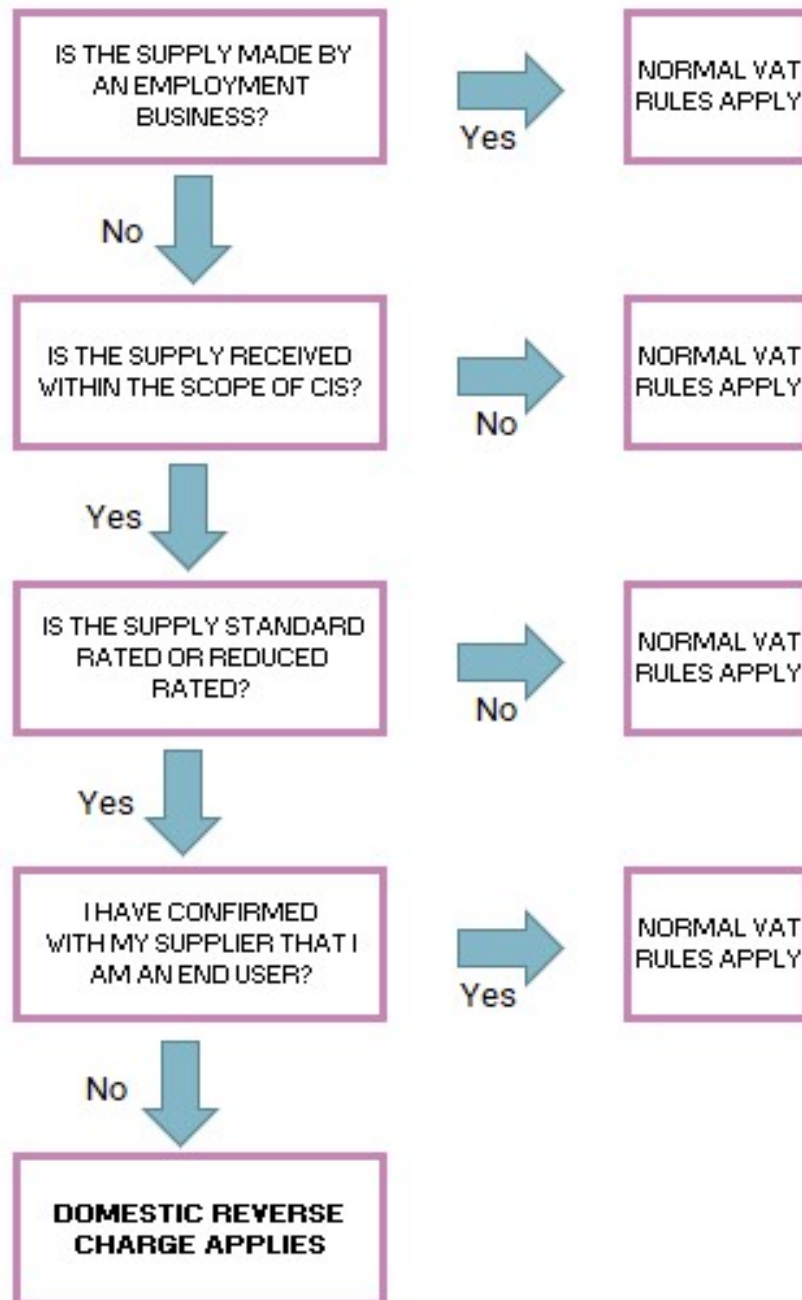
SUPPLIERS FLOWCHART

Use this flowchart to see how you would decide whether to apply normal VAT rules or apply the domestic reverse charge. Do not use it for services supplied by employment businesses.



BUYERS FLOWCHART

This flowchart is to help businesses receiving building and construction services check whether normal VAT rules or the domestic reverse charge.



FURTHER INFORMATION

If there is any uncertainty as to whether the reverse charge applies, you should contact the VAT Helpline on 0300 200 3700 (or +44 2920 501 261 if outside the UK).