



VAT UPDATE

MARCH 2010

ALEXANDER SLOAN, CHARTERED ACCOUNTANTS



Online filing of VAT will be mandatory from April 2010. All business with turnover of £100,000 or more will be required to file and pay VAT by electronic methods from April, as will businesses that register for VAT from 1 April 2010,

irrespective of size. This applies to VAT Returns that cover accounting periods starting on or after 1 April 2010.

The measurement of turnover for the purpose of deciding if you are over the £100,000 limit was made on 31 December 2009, so all businesses with annual turnover of £100,000 as of that date will be included in the requirement to file online, whether or not their turnover subsequently falls below that amount. Letters are currently being sent out to registered traders who meet this criteria explaining how the online systems works.

Those with a lower turnover have a brief respite, but HMRC has stated that it hopes to have all VAT Returns filed online by 2012.

Penalties

Failure to meet the new filing requirements can result in a penalty. The penalties for failure to comply with these requirements will apply to Returns made for periods ending on or after 31 March 2011, thus allowing businesses a period of a year to adjust before the penalties for failing to file online are imposed. Of course default surcharge may also be due if a Return is filed late, but the new penalties in Regulation 25A(17) apply only to a failure to make a Return by the specified method. The penalties increase according to the VAT exclusive turnover of the person failing to make the Return by the required method. The penalties are as follows:-

- Turnover £100,000 and under - £100
- Turnover of £100,001 to £5,600,000 - £200
- Turnover £5,600,001 to £22,800,000 - £300
- Turnover £22,800,001 and above - £400

VAT regulations specify that the due date for the Return may be varied if the Return is required to be submitted electronically, including a right to vary the due date if no payment is due. However, a payment return must also be paid electronically for the extended due date to apply - businesses which are normally repayment traders which very occasionally submit a Return for payment should therefore ensure that they have set up a direct debit authority or other automated payment facility to avoid being caught out.

To get started you need to register with HMRC for online filing.

Completing a Return online is very straightforward if you know how to fill in the paper version, and the process has been streamlined in the latest update so fewer mouse clicks are needed to navigate through the online system.

Being online there may be a temptation to cut down on paper records, which could cause problems when accounts are being prepared later, so make sure you keep a full paper (or digital) trail. The completed online Return can be saved to disk, printed on paper, or printed to a PDF file if you have the appropriate software. If you use a manual accounting system, prepare the VAT Return workings as you have always done, with a complete summary which records the figures you are going to enter on the Return and where they came from.

Once you have submitted your Return to HMRC you will get an on-screen unique submission receipt reference number. It is a good idea to save or print a copy of this on-screen confirmation in case of any subsequent queries. Alternatively, you can register your e-mail address to receive an e-mail confirmation of receipt of Returns.

Further Assistance

If you would like assistance with your VAT Returns or online filing, please call Fiona Holt or Nancy Ward on 0141 204 8989 or Asif Sharif on 0131 228 7979.



Contact Details:

If you would like any further information on any of our services or regarding anything covered in this newsletter please contact us:

Glasgow Office:

38 Cadogan Street, Glasgow, G2 7HF
Telephone: (0141) 204 8989

Edinburgh Office:

1 Atholl Place, Edinburgh, EH3 8HP
Telephone: (0131) 228 7979

E-Mail: info@alexandersloan.co.uk

Website: www.alexandersloan.co.uk



ABOUT ALEXANDER SLOAN

Since 1867 we have been offering a personalised accountancy service to individuals, partnerships, companies and not for profit organisations.

Our aim is to create a tailored service for clients, backed by current technical expertise delivered in person. We work across all sectors from farming to manufacturing, and can pool our resources from audit, tax and financial services to provide you with a comprehensive service.



Partners: Andrew M. McBean Bacc. C.A., Arnold J.S. Black B.A. C.A., Ewen M. Scott LL.B. C.A., Isobel W. Gray M.A. C.A. F.C.C.A., Alan S. Cunningham B.A. C.A., Mark Mulholland F.C.C.A.

Associates: Steven Cunningham B.A. C.A., Philip Morrice A.C.C.A., Allison Devine B.Sc. C.A.

This document is for guidance only and professional advice should be obtained before acting on any information contained herein. Alexander Sloan, Chartered Accountants can not accept any responsibility for loss occasioned to any person as a result of action taken or refrained from in consequence of the contents of this publication.