

Is it time for a VAT health check?

The VAT health check provides an opportunity to review your current practices and brings issues to light if you are not fully compliant. It will be undertaken by our VAT expert David Barraclough, who joined our team in early 2017 after working for HMRC for 38 years. It will involve a meeting with David, who will review the VAT areas relating to your business, answer any questions and make recommendations.

The length of the check can be geared towards your business, but the initial visit should normally take a couple of hours. As well as making recommendations and highlighting any risk areas on the day, a report will be sent to your business confirming the relevant points.

Why have a VAT health check?

VAT is a complex tax affecting every aspect of your business and as a self-assessing tax, it is the responsibility of the taxpayer to ensure they are accounting for the correct amount at the correct time. It makes sense to have a VAT health check to help prevent problems and give some peace of mind, bearing in mind:

- If HMRC suspect that VAT errors have crept in, they can go back four years and claim unpaid tax with interest plus penalties. But if they believe that the errors have been made deliberately, they can go back 20 years.
- A voluntary disclosure should be made if the net value of errors found on previous returns is between £10,000 and £50,000 and exceeds 1% of the net outputs (box 6) on the VAT return, or if the net error found is greater than £50,000.
- Interest is due (currently 2.75%) on errors identified by HMRC from the period in which the error was made. This includes assessments made following a VAT visit, but also if you make a voluntary disclosure.
- Penalties are worked out as a percentage of the “potential lost revenue”, the amount that arises because of correcting an inaccuracy. The penalty can be as much as 100% if it’s a deliberate and concealed inaccuracy. A careless error can range from 15% to 30% if found by HMRC, or 0% to 30% if voluntarily disclosed.
- From April 2019 under HMRC’s Making Tax Digital (MTD) initiative, businesses will need to keep their VAT records digitally and provide their return to HMRC through MTD functional software. We can help with your preparation for this.

Here to help



David Barraclough
VAT Consultant
david.barraclough@wrightvigar.co.uk

The cost of the initial two hour consultation is £295. To arrange this either:

- Email David direct at david.barraclough@wrightvigar.co.uk
- Call David on 07872 463833

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