

UK VAT and International Trade

Scenarios



...market leaders for VAT training

Scenarios

This document describes a number of scenarios that you will be asked to consider during the presentation of the course

UK VAT and International Trade

The presenter will explain the outcome of each of the scenarios and there is space for you to record these outcomes.

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1. For VAT purposes which territories are in the EU?

Madeira: _____

Monaco: _____

Gibraltar: _____

Vatican City: _____

2. A UK solicitor provides legal advice to a charity in Belgium. The advice relates to its charitable activities of providing overseas aid. The charity also has business activities in the form of the sale of goods.

Where is the place of supply? _____

3. A UK company supplies advertising services to a client.

- The client's main business establishment is in France and they have a branch in Germany.
- Day-to-day contact handled by German branch.
- Key decisions made by French establishment..

Where is the place of supply? _____








4. A Dutch business provides secretarial and archiving services for one of its UK subsidiaries.

Where is the place of supply? _____

5. A UK company is invoiced by a German company for consultancy services. The amount of the invoice is €1,250.

If the sterling value of a Euro is 80p, what is the amount of VAT to be included on the UK company's VAT Return?

How will this appear on the VAT Return?

VAT due in this period on sales and other outputs (Box 1): *	<input type="text"/>	
VAT due in this period on acquisitions from other EC Member States (Box 2): *	<input type="text"/>	
Total VAT due (the sum of boxes 1 and 2) (Box 3):	Calculated value	
VAT reclaimed in this period on purchases and other inputs, (including acquisitions from the EC) (Box 4): *	<input type="text"/>	
Net VAT to be paid to HM Revenue & Customs or reclaimed by you (Difference between boxes 3 and 4) (Box 5):	Calculated value	
Total value of sales and all other outputs excluding any VAT. Include your box 8 figure (Box 6): *	<input type="text"/>	 Whole pounds only
Total value of purchases and all other inputs excluding any VAT. Include your box 9 figure (Box 7): *	<input type="text"/>	 Whole pounds only
Total value of all supplies of goods and related costs, excluding any VAT, to other EC Member States (Box 8): *	<input type="text"/>	 Whole pounds only
Total value of all acquisitions of goods and related costs, excluding any VAT, from other EC Member States (Box 9): *	<input type="text"/>	 Whole pounds only

6. A solicitor acts for a UK client in respect of the purchase of a property in Spain. Neither the solicitor nor the client (private individual) is registered for VAT in Spain.

Where is the place of supply? _____

7. A UK haulier delivers a consignment of goods from Southampton to Dublin for its business customer in Jersey.

Where is the place of supply? _____

8. A Spanish company organises a conference for a UK company. The conference is held in France.

Where is the place of supply? _____

9. The sales director of a UK company buys a ticket to attend an exhibition in Portugal.

Where is the place of supply? _____

10. A UK intermediary has a business customer in London. It arranges for this customer to buy a supply of diamonds from a mining company in South Africa. Commission is paid to the intermediary by its London customer.

Where is the place of supply? _____

11. A UK business processes two consignments of goods for a Polish company. One batch is then sent back to Poland; the other remains in the UK and is used in the UK by the Polish company.

Where is the place of supply? _____

12. A UK company sells a DVD recorder to a private customer in the Netherlands. After the warranty has expired, the equipment breaks down and the company repairs the equipment for a charge. The repair is carried out in the Netherlands.

Where is the place of supply? _____

13. Your VAT registration number is GB 914 3672 23 and you sell goods which you deliver directly to a paper merchant based in Bulgaria whose valid vat registration number is BG121745404.

What must be present on the invoice for the goods to be zero-rated?

14. A UK company sells a CD for €25 and a book for €20 over the internet to a private customer in Spain. Sales to non-registered customers in Spain in the current year have totaled €30,000.

What rate of VAT should be charged? _____

15. A UK company sells and delivers three consignments of cloth to non-registered customers in Denmark, each for DKR 150,000, where the distance selling threshold is DKR 280,000. There have been no other distance sales to Denmark in the current year.

What rate of VAT should be charged? _____

16. A VAT registered UK manufacturer purchases standard-rated components from a French supplier and the invoice has this detail:

	€
Goods	50,000
Packing	200
Transport	4,000
Insurance	<u>800</u>
	55,000
VAT @0%	<u>-</u>
	<u>55,000</u>

If the sterling value of a Euro is say 90p, what is the value of the acquisition VAT?

How does this affect the VAT Return?

VAT due in this period on sales and other outputs (Box 1): *	<input type="text"/>	?
VAT due in this period on acquisitions from other EC Member States (Box 2): *	<input type="text"/>	?
Total VAT due (the sum of boxes 1 and 2) (Box 3): Calculated value		
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Whole pounds only		
Total value of all acquisitions of goods and related costs, excluding any VAT, from other EC Member States (Box 9): *	<input type="text"/>	?
Whole pounds only		

17. On 25th May a Swedish company receives a 20% deposit with an order for goods to be shipped on 20th June to a customer in Australia. The balance is received in full on 15th June.

What is the time of supply? _____

18. A UK company dispatches a consignment of grain to France and issues a sales invoice in July for £3,000. The grain is found to be below the required standard and is returned in August. A Credit note is issued for the full amount. The company completes quarterly VAT Returns and monthly EC sales list and his next VAT Return covers the period to 30th September.

What are the required entries in boxes 8/9? _____

What are the required entries on the EC Sales List _____








What are the required entries on the Intrastat _____

Case Study:

Summary of Sales and Purchases made during the first VAT quarter

SALES	£	VAT
Standard rated sales to UK customers	496,000	99,200
Goods sold to customers in America	25,000	
Goods sold to customers in France	30,000	
Postal exports	200	
E books to consumers:		
Germany	2,500	
France	5,750	
Spain	1,250	
Consultancy services to consumer in		
Portugal	5,000	1,000
Poland	3,000	600
Lithuania	2,000	400
Consultancy services to businesses in		
Germany	15,000	
Italy	5,000	
Switzerland	50,000	
	<hr/>	
	640,700	101,200
PURCHASES		
Standard rated purchases from UK suppliers	442,000	88,400
Purchase from Germany	83,000	16,600
Purchases from suppliers in Japan	60,000	12,000
Postal imports from America by Fedex	2,000	400
Consultancy services from:		
USA	10,000	2,000
	<hr/>	
	597,000	119,400

How should this be presented on the VAT Return?

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VAT due in this period on acquisitions from other EC Member States (Box 2):*	<input type="text"/>	
Total VAT due (the sum of boxes 1 and 2) (Box 3):	Calculated value	
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What amount would appear in box 1 of the VAT Return? _____

What amount would appear in box 2 of the VAT Return? _____

What amount would appear in box 4 of the VAT Return? _____

What amount would appear in box 6 of the VAT Return? _____

What amount would appear in box 7 of the VAT Return? _____

What amount would appear in box 8 of the VAT Return? _____

What amount would appear in box 9 of the VAT Return? _____

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