

# UK VAT and International Trade

Scenarios



...market leaders for VAT training

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## 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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### Scenario 1

A solicitor provides free advice to a client.

**What rate of output tax should be applied?**

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### Scenario 2

In July ABC Ltd rewards Jane, an employee, for long service with a bottle of wine and chocolates totalling £35

In December ABC Ltd buys all employees, including Jane, a Christmas hamper totalling £25

**Should ABC Ltd account for output tax on the bottle of wine & chocolates?**

**Should ABC Ltd account for output tax on the Christmas hamper to Jane?**

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**Does this have any effect on the July gift?**

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### Scenario 3

A restaurant bill to an employee totals £30 plus an optional service charge of £3

**Can the customer reclaim input tax on the £33 or the £30?**

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### Scenario 4

Services are completed on 27<sup>th</sup> April.  
The invoice is sent on 3<sup>rd</sup> May.

Services are completed on 27<sup>th</sup> April.  
The invoice is sent on 12<sup>th</sup> May.

***When is the time of supply?***

***When is the time of supply?***

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### Scenario 5

A company that prepares quarterly returns receives goods on 27<sup>th</sup> September and receives an invoice dated 15<sup>th</sup> October. They submit their return on 20<sup>th</sup> October.

A company that prepares quarterly returns receives goods on 27<sup>th</sup> September and receives an invoice dated 15<sup>th</sup> October. They submit their return on 12<sup>th</sup> October.

***On which return can it recover the input tax?***

***On which return can it recover the input tax?***

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### Scenario 6

On 14th March a company discovers that it underpaid VAT of £35,000. Its next return is dated 31st March 2020 and the figure in Box 6 is £3 million.

***Can it correct the error on its return dated 31st March 2020?***

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## Scenario 9

An employee submits a number of invoices with their monthly expense claim.

SHELL (SHELL HORSFORTH TEL-01132 395900)  
BROADWAY RING ROAD, LEEDS, LS18 4DF

2 T02 C106/8609 16:14 7-03-15 ST.999

PUMP PRODUCT	LITRES	VALUE( £ )
02 DIESEL	55.41	62.00 *
SALE TOTAL	£	62.00
		62.00

ISSUE NUMBER 3  
EXPIRY DATE 09/11

VAT %	INCLUSIVE	EXCLUSIVE	VAT
1 20.00	62.00	51.67	10.33

SHELL HORSFORTH VAT No:943 469 690  
Shell UK Limited VAT No:235 763 255

All products indicated with \* are  
sold on behalf of Shell;  
VAT No 235 763 255

SHELL U.K. LIMITED  
SHELL CENTRE, LONDON SE1 7NA  
CUSTOMER SERVICE CENTRE-0800 7318888

***Is this a valid VAT invoice?***

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### Scenario 10

In February 2021 a VAT registered UK manufacturer purchases standard-rated components from a French supplier.

The invoice totals €55,000.

The sterling value is **£49,500**.

	£
Goods	50,000
Packing	200
Transport	4,000
Insurance	800
	<b>55,000</b>
VAT @ 0%	-
<b>Total</b>	<b>55,000</b>

**How would this be accounted for on the VAT return?**

VAT due on <b>sales</b> and other outputs	<b>1</b>	
VAT due on <b>acquisitions</b> from <b>other EC Member States</b>	<b>2</b>	
Total VAT due	<b>3</b>	
VAT reclaimed on <b>purchases</b> and other inputs	<b>4</b>	
Net VAT to be paid to HMRC or reclaimed by you ( <b>Difference between boxes 3 &amp; 4</b> )	<b>5</b>	
Total value of <b>sales</b> and other outputs excluding VAT	<b>6</b>	
Total value of <b>purchases</b> and other inputs excluding VAT	<b>7</b>	
Total value of all <b>supplies</b> of goods excluding VAT to other <b>EC member states</b>	<b>8</b>	
Total value of all <b>acquisitions</b> of goods excluding VAT from other <b>EC member states</b>	<b>9</b>	

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### **Scenario 11**

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?**

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### **Scenario 12**

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

**Where is the place of supply?**

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### Scenario 13

A UK company is invoiced by an American company for consultancy services. The amount of the invoice is \$2,000.

**If the Sterling value of a Dollar is 75p, what is the amount of VAT to be included on the UK company's VAT Return?**

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**How will this appear on the VAT return?**

VAT due on <b>sales</b> and other outputs	<b>1</b>	
VAT due on <b>acquisitions</b> from <b>other EC Member States</b>	<b>2</b>	
Total VAT due	<b>3</b>	
VAT reclaimed on <b>purchases</b> and other inputs	<b>4</b>	
Net VAT to be paid to HMRC or reclaimed by you ( <b>Difference between boxes 3 &amp; 4</b> )	<b>5</b>	
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Total value of all <b>acquisitions</b> of goods excluding VAT from other <b>EC member states</b>	<b>9</b>	

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### **Scenario 14**

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

**Where is the place of supply?**

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### **Scenario 15**

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

**Where is the place of supply?**

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