

# **UK VAT and International Trade**

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?	
Scenario 2	
In July ABC Ltd rewards Jane, an	In December ABC Ltd buys all employees,
employee, for long service with a bottle of wine and chocolates totalling £35	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?
	Does this have any effect on the July gift?
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?	

<b>Scenario 4</b> 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?	
<b>Scenario 5</b> A company that prepares quarterly returns receives goods on 27 <sup>th</sup> September and receives an invoice dated 15 <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 20 <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?	
<b>Scenario 6</b> On 14th March a company discovers that it u Its next return is dated 31st March 2020 and	•	
Can it correct the error on its return dated 31st March 2020?		

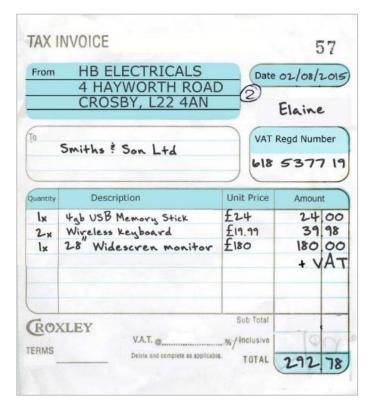
An employee submits a number of invoices with their monthly expense claim.



#### Is this a valid VAT invoice?

## Scenario 8

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



#### Is this a valid VAT invoice?

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

2 T02 C106/8609	16:14 7-0	3-15 ST.999
PUMP PRODUCT 02 DIESEL	LITRES 55.41	VALUE( £ ) 62.00 *
SALE TOTAL £		62.00 62.00
ISSUE NUMBER 3 EXPIRY DATE 09		
VAT <b>% INCLUS</b> 1 20,00 62 SHELL HORSFORTH Shell UK Limited	2.00 51. VAT No:9	67 10.33 943 469 690
All products ind sold on behalf o VAT No 235 763	of Shell;	n * are
	U.K. LIMIT	

Is this a valid VAT invoice?

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
	55,000
70 € TAV	-
Total	55,000

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

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

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?
Scenario 12
A Dutch business provides secretarial and archiving services for one of its UK subsidiaries.
Where is the place of supply?

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?		

## How will this appear on the VAT return?

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