

# The Essentials of UK VAT

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

### The Essentials of UK VAT

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

***What rate of VAT applies to...***

Pistachios in shells

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Dry roasted pistachios

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Jaffa cakes

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Chocolate digestives

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### Scenario 5

A landlord rents a building to a shopkeeper and has opted to tax the building. The landlord subsequently sells the building.

***What rate of output tax should be applied to the sale?***

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### Scenario 6

A VAT registered supplier donates goods to a registered charity for them to sell in one of their stores.

***What rate of output tax should the charity apply to the sale of those goods?***

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### Scenario 7

A tannery supplies raw leather to a children's shoe manufacturer.

***What rate of output tax should be applied to the leather?***

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### Scenario 8

Goods are delivered to a customer on 27th April. The invoice is sent on 3rd May.

Goods are delivered to a customer on 27th April. The invoice is sent on 12th May.

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

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

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### Scenario 9

A high street bookshop supplies books to a customer for £55. The customer separately requests that the books be posted to her and the store charges £3 for delivery.

***What is the VAT treatment of the supply?***

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### Scenario 10

A VAT registered butcher supplies fresh meat in a carton.

***What is the output tax should be applied to the carton?***

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### Scenario 11

Europcar Group UK Ltd 2020

- Hire car with child seat - single or mixed supply?
- HMRC argued that it was a single supply and should all be standard rated

***What do you think the decision was?***

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### Scenario 12

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.

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

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

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### Scenario 13

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

**Are they valid VAT invoices?**

HOME HOUSE  
20 Portman Square  
London W1H 9HF

THE RESTAURANT  
SRV 80 TABLE 123/1 TIME 22:55

1 HILDON	3.25
1 ARTI SOUP	5.95
1 TIGER PRAWNS	12.50
1 *****	0.00
1 BREAST OF DUCK	17.50
1 WELSH LAMB	18.75
1 DAUPHINOISE	2.75
1 ROAST PARSNIPS	2.75
1 HONORE DE BERTIC	19.50
2 PUDDING TROLLEY	11.90
1 Main Away	0.00
2 CAPPUCCINO	5.90
GRAND TOTAL	100.75

VAT ANALYSIS			
RATE %	NET	TAX	TOTAL
20.00	65.00	13.00	78.00
20.00	2.71	0.54	3.25
20.00	16.25	3.25	19.50

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**TAX INVOICE** 57

From **HB ELECTRICALS** Date 02/08/2015  
4 HAYWORTH ROAD  
CROSBY, L22 4AN <sup>2</sup>

To **Smiths & Son Ltd** Elaine

VAT Regd Number  
618 5377 19

Quantity	Description	Unit Price	Amount
1x	4gb USB Memory Stick	£24	24.00
2x	Wireless Keyboard	£19.99	39.98
1x	28" Widescreen monitor	£180	180.00
			+ VAT

Sub Total

**CROXLEY** TERMS

V.A.T. @.....%/Inclusive  
Delete and complete as applicable.

TOTAL **292.78**

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### Scenario 14

**Can you reclaim VAT on the purchase of...**

A hearse

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Estate car with the back seats removed

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Ice cream van

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Scooter for deliveries

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### Scenario 15

An employee using her own car travels 1,000 miles on business. The car is 1,600cc and uses petrol. She submits a mileage claim for 45p per mile.

**How much input VAT can the employer reclaim?**

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### Scenario 16

A UK solicitor provides legal advice to a business in Denmark and a private individual in France

**How is each transaction taxed?**

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