

The Essentials of UK VAT

Scenarios



Scenarios

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

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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?	

Scenario 4 What rate of VAT applies to	
Pistachios in shells Dry roasted pistachios Jaffa cakes Chocolate digestives	
Scenario 5 A landlord rents a building to a shopkeeper and h subsequently sells the building.	as opted to tax the building. The landlord
What rate of output tax should be applied to the sale?	
Scenario 6 A VAT registered supplier donates goods to a reg their stores. What rate of output tax should the charity apply to the sale of those goods?	istered charity for them to sell in one of
Scenario 7 A tannery supplies raw leather to a children's shown what rate of output tax should be applied to the leather?	e manufacturer.

Scenario 8	Goods are delivered to a customer on 27th April. The invoice is sent on 12th May.			
Goods are delivered to a customer on 27th April. The invoice is sent on 3rd May.				
When is the time of supply?	When is the time of supply?			
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?				
Scenario 10 A VAT registered butcher supplies fresh n	neat in a carton.			
What is the output tax should be applied to the carton?	o			

Scenario 11

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

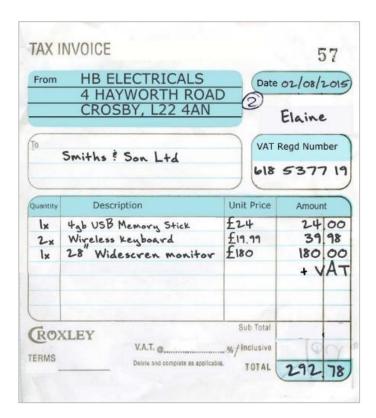
What do you think the decision was?	
Scenario 12	
A company that prepares quarterly returns receives goods on 27 th September and receives an invoice dated 15 th October.	A company that prepares quarterly returns receives goods on 27 th September and receives an invoice dated 15 th October.
They submit their return on 20 th October.	They submit their return on 12 th October.
On which return can it recover the input tax?	On which return can it recover the input tax?

Scenario 13

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

Are they valid VAT invoices?





Scenario 14 Can you reclaim VAT on the purchase of	
A hearse	
Estate car with the back seats removed	
Ice cream van	
Scooter for deliveries	
Scenario 15	
An employee using her own car travels 1,000 mile petrol. She submits a mileage claim for 45p per n	
How much input VAT can the employer reclaim?	
Scenario 16	
A UK solicitor provides legal advice to a business France	in Denmark and a private individual in
How is each transaction taxed?	

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