

The Essentials of UK VAT

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

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.

It is subject to copyright law and should not be reproduced by any unauthorised person for their own use, selling on to a third person or for presentation to other people.

UK Training (Worldwide) Limited
17 Duke Street
Formby
L37 4AN

Website: www.uktraining.com
Email: info@uktraining.com
Telephone: 01704 878988



1. A husband and wife practise as tax consultants from the same office.

Will they be treated as separate businesses? _____

2. A woman operates a beauty salon. Her husband operates a hairdressing salon on a different floor of the same premises. They have always traded separately.

Will they be treated as separate businesses? _____

3. A farmer supplies live sheep

What rate of output tax should be applied? _____

4. A restaurant makes out a bill for £30 plus an optional service charge of £3.

Can the customer reclaim input tax on the whole £33 or just £30? _____

5. A landlord rents a building out to a shopkeeper and has opted to tax the building and subsequently sells it.

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

6. A VAT registered supplier donates a gift of goods to a registered charity for sale.

What rate of output tax should be applied by the charity to the sale of those goods? _____

7. A solicitor provides free advice to a client.

What rate of output tax should be applied? _____

8. ABC Ltd buys 150 bottles of wine costing £2,400 and gives 50 different customers 3 bottles each.

Should ABC Ltd account for output tax? _____

Can ABC Ltd reclaim the input tax on the purchase of the wine? _____

9. XYZ Ltd buys 100 bottles of wine costing £1,600 and gives 25 different customers 4 bottles each

Should XYZ Ltd account for output tax? _____

Can XYZ Ltd reclaim the input tax on the purchase of the wine? _____

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

When is the time of supply? _____

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

When is the time of supply? _____

12. A firm of solicitors acts for a company in a court case. Interim VAT invoices are issued on 1st February and 1st March. The work is completed on 31st March and an invoice for the balance is issued on 15th April.

How many tax points are there? _____

13. A VAT registered butcher supplies fresh meat in a carton.

What rate of output tax should be applied to the carton?

14. Delivery of raw leather by tannery to a children's shoe manufacturer which tannery has agreed to make at time of order.

Should the tannery charge output tax on the delivery?

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

Is the cost of delivery standard-rated?

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

Is this invoice from a restaurant a valid VAT invoice?

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

17. 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? _____

18. A Company receives goods on 27th September. It receives an invoice dated 15th October. It prepares quarterly returns and submits its September return on 20th October.

On which return can it recover the input tax? _____

19. A Company receives goods on 27th September. It receives an invoice dated 15th October. It prepares quarterly returns and submits its September return on 12th October.

On which return can it recover the input tax? _____

20. On 14th March 2018 a company discovers that it underpaid VAT of £35,000. Its next return is dated 31st March 2018 and the figure in Box 6 is £3 million.

Can it correct the error on its return dated 31st March 2018? _____

21. A UK company sells and delivers goods to a VAT-registered customer in Italy and a private individual in Spain.

How is each transaction taxed? _____

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

How is each transaction taxed?

23. London solicitors' fees regarding the sale of a piece of land in France to an Italian manufacturer.

Where is this transaction subject to VAT?

24. A UK business holds an exhibition in Germany and charges attendees for entrance. Among the attendees are a German business and an Austrian private individual.








What is the VAT treatment?

Case Study:

Summary of Sales and Purchases made during the first VAT quarter

INCOME	£	VAT
Standard rated sales to UK customers	400,000	
Reduced rated UK sales	10,000	
Goods sold to customers in America	20,000	
Exempt sales	5,000	
Grant	5,000	
Insurance claim	2,000	
	<hr/>	<hr/>
	442,000	
	<hr/>	<hr/>
EXPENDITURES		
Trade purchases UK	250,000	
Car for salesman	20,000	
UK entertainment:		
Staff	1,000	
Overseas customers	2,000	
Overseas suppliers	2,000	
Wages	36,000	
Rates	2,000	
Goods bought from Germany	30,000	
Consultancy services from USA	10,000	
Goods bought from Japan	60,000	
	<hr/>	<hr/>
	413,000	
	<hr/>	<hr/>

How should this be presented 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

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? _____

UK Training (Worldwide) Limited
17 Duke Street
Formby
L37 4AN

w www.uktraining.com
t 01704 878988
e info@uktraining.com

