



LINFORD
GREY
CHARTERED ACCOUNTANTS

JUNE 2024

VAT Invoices and Receipts:

Best Practice Policy

POLICY DATE

20/06/2024



INTRODUCTION

This document serves to outline the requirements for valid VAT invoices and receipts under the simplified expenses rule.

It also details our company's best practice policy on claiming VAT for fuel versus mileage expenses.

The policy ensures compliance with HMRC regulations and provides clarity to our clients regarding VAT reclaim procedures.

VALID VAT INVOICE REQUIREMENTS

A VAT invoice must include specific information to be considered valid by HMRC. The following are the essential elements that must be present on a VAT invoice:

- **Supplier's Details:** Name, address, and VAT registration number.
- **Invoice Number:** A unique, sequential number.
- **Date of Invoice:** The date the invoice was issued.
- **Description of Goods or Services:** Clear description sufficient to identify the goods or services supplied.
- **Quantity and Price:** The quantity of goods or the extent of services and their unit price excluding VAT.
- **Total Amount Excluding VAT:** The total amount payable for the goods or services, excluding VAT.
- **VAT Rate:** The applicable rate of VAT.
- **Total VAT Amount:** The total VAT charged.
- **Total Amount Including VAT:** The total amount payable including VAT.
- **Valid VAT number:** Check the VAT number is real using HMRC's online tool [Click to check a VAT number](#)

We will assume all VAT numbers provided are valid, it is the business's responsibility to check VAT numbers are real and not fraudulent.

VALID VAT RECEIPT REQUIREMENTS UNDER SIMPLIFIED EXPENSES RULE

For simplified expenses, which typically apply to businesses using the Flat Rate Scheme or similar, the requirements for VAT receipts are slightly relaxed.

However, they must still include the following information:

- **Supplier's Details:** Name and address.
- **Transaction Date:** The date of purchase.
- **Description of Goods or Services:** General description sufficient to identify the goods or services supplied.
- **Total Amount Paid:** The amount paid, including VAT.

While it's not mandatory for the VAT amount to be separately stated under simplified expenses, the receipt should clearly indicate that VAT has been included.

COMPANY POLICY ON RECLAIMING VAT

Our practice policy is established to ensure clarity and compliance with VAT regulations.

This policy outlines our default approach to VAT reclaims, particularly in situations where a valid VAT invoice or receipt is not obtained.

Policy Statement

Valid VAT Documentation:

- To reclaim VAT on any expense, a valid VAT invoice or receipt is mandatory.

No Valid Documentation:

- If valid VAT documentation is not provided, we will not reclaim the VAT on that expense unless explicitly instructed to do so by the client in writing.

Claiming VAT on Fuel vs. Mileage

1. **Use Fuel Scale Charges:** If the vehicle is used for both business and private purposes, the business can reclaim all the VAT on fuel expenses and then apply the HMRC fuel scale charge, which accounts for private usage. A business must register for the fuel scale charge and the work required to remain compliant will be charged additionally.
2. **No VAT Reclaim on Mixed-Use Fuel:** To simplify matters and avoid potential inaccuracies, we do not reclaim VAT on fuel for mixed-use vehicles. Where we see receipts for petrol, we assume mixed use and no VAT is reclaimed regardless of the documentation provided.
3. **Where mileage claims are made:** HMRC rates will be used to determine the relevant amount of VAT to reclaim.

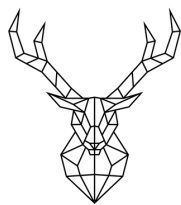
CLIENT INSTRUCTIONS AND EXCEPTIONS

If clients wish to reclaim VAT on an expense where a valid VAT invoice or receipt is not available, they must provide written instructions explicitly authorising us to proceed with the VAT reclaim.

Where the client wants us to claim VAT against our best practice policy, alternative instruction must be provided in writing.

REVIEW AND COMPLIANCE

This policy will be reviewed annually or as required to ensure continued compliance with HMRC regulations and to adapt to any changes in VAT rules.



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