

## VAT Map

VAT

PRECISE. PROVEN. PERFORMANCE.

# The 'must have' product for medium to large businesses

Have you ever wondered how a sale or purchase goes from invoice level through to being correctly recorded on a VAT return? We've developed an exciting new product called VAT Map that explains each step along the way.

In medium to large businesses, the process from invoice to VAT return is rarely straightforward or fully automated, with manual adjustments required to take account of particular rules and circumstances. Businesses often rely on the institutional knowledge of staff to take all the necessary steps and make these adjustments. But what happens when that relied-upon knowledge holder leaves or falls ill?

When someone new attempts the next VAT return, accounting and administrative errors are likely to be made. VAT may be under-declared or over recovered, potentially leading to HMRC penalties; and errors made on individual invoices may lead to a loss of commercial reputation.

We have listened to our clients' concerns regarding their VAT position, and have developed VAT Map as a direct response to help mitigate this exposure. VAT Map helps businesses to minimise their risks by clearly and concisely documenting each stage of the VAT accounting process on a transactions basis.

VAT Map is presented in a matrix format, making it easy for users to identify the relevant transaction and understand the VAT treatment and actions that need to be taken in the journey from invoice to VAT return.

## Example of a sale in VAT Map

Recipient	Supply	VAT Treatment	Invoice Requirements	Sage Code	VAT Return	EC Sales List	Intrastat
ABC France Co	Advertising	No VAT charge. Subject to reverse charge	Statement of 'reverse charge'.  Statement of recipient's VAT reg. no. with 'FR' prefix	T22	Box 6	Yes	N/A

## Example of a purchase in VAT Map

Supplier	Supply	VAT Treatment	Reverse Charge Calculation	Acquisition VAT Calculation	Sage Code	VAT Return	Intrastat
XYZ U.S. Co	Consultancy	Calculate and account for reverse charge VAT. Recover in full as not partially exempt.	Yes	N/A	T24	Box 1 and Box 4 – VAT amounts  Box 6 and Box 7 – net amounts	N/A

### How will you benefit from VAT Map?

By documenting the VAT treatment for each transaction the risk associated with relying on the institutional knowledge of specific staff members is largely eliminated.

VAT Map can also be used to demonstrate that the business is taking 'reasonable care' with its VAT accounting, an important defence that can reduce penalties if mistakes are made. HMRC is likely to see the commissioning of a VAT Map as an indication that the business takes its VAT responsibilities seriously.

For large businesses the commissioning of a VAT Map can help Senior Accounting Officers to demonstrate that they are meeting the requirement to establish and maintain appropriate VAT accounting arrangements. Failure to demonstrate this can result in a personal liability and resulting loss of reputation.

When a VAT Map was reviewed as part of one client's recent VAT inspection, it was clear that the document helped to satisfy HMRC that things were in good order.

In addition to the benefits detailed above, VAT Map is designed to put businesses in a strong position prior to the introduction of Making Tax Digital in April 2019. The creation of a VAT Map is excellent preparation for this major change in how VAT is accounted for, providing assurance regarding the correct VAT treatments and thereby facilitating the transition process.

"The decision to invest in utilising Moore Stephens expertise, in this instance, represented some of the best money we have spent as an organisation. The quality of the team is excellent and the report and its worth to us as a business was exceptionally valuable."

*Matthew Thornton*  
CFO Ardian Investment UK Ltd

For more details on how VAT Map could benefit you, please get in touch.

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