

HMRC

THIS SUPPLEMENT EXPLAINS HOW TO DETERMINE THE VAT TREATMENT FOR SALES THAT SPAN 1 DECEMBER 2008

Supply of Goods

Earlier of payment made or invoice issued	Before 1/12/08	On or after 1/12/08
	17.5% but you can choose to charge 15% if the goods are to be delivered on or after 1 December 2008.	15% but you should charge 17.5% if: <ul style="list-style-type: none">• goods have been delivered before 1st December and the invoice was issued more than 14 days* after the delivery date; or• The invoice is for a payment received before 1 December 2008 (although you can choose to charge 15% if the goods are to be delivered on or after 1 December 2008).

Supply of Individual Services

This relates to services where the work is in the nature of a “one off” e.g. repairing a car, decorating a room etc rather than a continuous supply (see below).

Earlier of payment made or invoice issued	Before 1/12/08	On or after 1/12/08
	17.5% but you can choose to charge 15% if the services are to be completed on or after 1 December 2008.	15% but you should charge 17.5% if: <ul style="list-style-type: none">• Services have been completed before 1st December and the invoice was issued more than 14 days* after the services were delivered; or• The invoice is for a payment received before 1 December 2008 (although you can choose to charge 15% if the services are to be completed on or after 1 December 2008).

*Footnote – The period may be longer than 14 days where a business has an agreed extension to the 14 day rule. HMRC has by concession extended the period for all businesses to 30 days for supplies made between 18th – 30th November (see What’s New for further details). You do not need to contact HMRC to use this concession.

Supply of Continuous Services

If you supply services that are consumed over a period of time and your contract requires your customer to pay you from time to time it is likely that you are making a continuous supply of services. Examples are a contract for ongoing office cleaning, telephone, broadcasting, leasing of equipment, etc. The rules below apply:

Earlier of payment made or invoice issued	Before 1/12/08	On or after 1/12/08
	17.5% But you can choose to charge 15% for that part of the supply (covered by the payment or invoice) made on or after 1 December 2008.	15%

Supply of Construction Services

Where you make supplies (including design, advisory and supervisory services) under a construction contract, which involves your customer making stage payments.

Earlier of payment made or invoice issued	Before 1/12/08	On or after 1/12/08
	17.5% but you can choose to charge 15% for that part of the work performed (covered by the payment or invoice) on or after 1 December 2008.	15%

28th November 2008