

# Paul Robbins training and consultancy

## Indirect Tax

### The VAT Return and VAT Communications

#### Completing the VAT Return – Exercise 2 **Model Answer**

You work for Tonbridge Components as an Accounts Assistant and are responsible for compiling the data for and completing the company's quarterly VAT Return ready for authorisation by the Finance Manager.

You have extracted the following figures from the company's accounting records:

#### **UK Sales**

<b>Date</b>	<b>Reference</b>	<b>Amount (£)</b>
31 Jan 2016	Sales Day Book	318,500
28 Feb 2016	Sales Day Book	295,000
31 Mar 2016	Sales Day Book	301,500

#### **EU Sales**

<b>Date</b>	<b>Reference</b>	<b>Amount (£)</b>
31 Jan 2016	Sales Day Book	64,000
28 Feb 2016	Sales Day Book	61,500
31 Mar 2016	Sales Day Book	63,250

#### **UK Purchases**

<b>Date</b>	<b>Reference</b>	<b>Amount (£)</b>
31 Jan 2016	Purchases Day Book	97,750
28 Feb 2016	Purchases Day Book	96,250
31 Mar 2016	Purchases Day Book	98,000

#### **EU Purchases**

<b>Date</b>	<b>Reference</b>	<b>Amount (£)</b>
31 Jan 2016	Purchases Day Book	16,000
28 Feb 2016	Purchases Day Book	12,250
31 Mar 2016	Purchases Day Book	14,500

#### **Output VAT**

<b>Date</b>	<b>Reference</b>	<b>Amount (£)</b>
31 Jan 2016	Sales Day Book	63,700
28 Feb 2016	Sales Day Book	59,000
31 Mar 2016	Sales Day Book	60,300

## ***Input VAT***

<b><i>Date</i></b>	<b><i>Reference</i></b>	<b><i>Amount (£)</i></b>
<b><i>31 Jan 2016</i></b>	<b><i>Purchases Day Book</i></b>	<b><i>19,950</i></b>
<b><i>28 Feb 2016</i></b>	<b><i>Purchases Day Book</i></b>	<b><i>19,250</i></b>
<b><i>31 Mar 2016</i></b>	<b><i>Purchases Day Book</i></b>	<b><i>19,600</i></b>

### **Notes:**

- ***No credit notes have been issued***
- ***There are no imports from or exports to Non EU states***
- ***VAT on EU Acquisitions is £8,550***
- ***You have been advised that in the last VAT Return the amount of Input tax claimed had been understated by £820 – you should adjust for this error***
- ***You have also been advised that Irrecoverable (Bad) Debt Relief of £300 can be claimed in this VAT Return***
- ***Today's date is 7 April 2016***
- ***The current standard VAT rate is 20%***

### **Tasks:**

- ***Complete the VAT Control Account for Tonbridge Components for the VAT quarter ended 31 March 2016***
- ***Calculate the amount of VAT due to or from HMRC for the VAT quarter ended 31 March 2016***
- ***Complete boxes 1 – 9 of the VAT Return for Tonbridge Components for the VAT quarter ended 31 March 2016***

<b>VAT Control Account</b>			
<b>Input VAT</b>		<b>Output VAT</b>	
<b>VAT on UK purchases</b>	<b>£58,800</b>	<b>VAT on UK sales</b>	<b>£183,000</b>
<b>VAT on EU Acquisitions</b>	<b>£ 8,550</b>	<b>VAT on EU Acquisitions</b>	<b>£ 8,550</b>
<b>Bad Debt Relief</b>	<b>£ 300</b>		
<b>Correction of error from previous period (understated Input VAT)</b>	<b>£ 820</b>		
<b>Total Input VAT</b>	<b>£68,470</b>	<b>Total Output VAT</b>	<b>£191,550</b>

**VAT due = Total Output VAT less Total Input VAT = £191,550 - £68,470 = £123,080**

#### VAT Return

		£	P
<b>VAT due in this period on sales and other outputs</b>	<b>1</b>	<b>183,000</b>	<b>00</b>
<b>VAT due in this period on acquisitions from other EC Member States</b>	<b>2</b>	<b>8,550</b>	<b>00</b>
<b>Total VAT due (the sum of boxes 1 and 2)</b>	<b>3</b>	<b>191,550</b>	<b>00</b>
<b>VAT reclaimed in this period on purchases and other inputs (including acquisitions from the EC)</b>	<b>4</b>	<b>68,470</b>	<b>00</b>
<b>Net VAT to be paid to HM Revenue &amp; Customs or reclaimed by you (Difference between boxes 3 and 4)</b>	<b>5</b>	<b>123,080</b>	<b>00</b>
<b>Total value of sales and all other outputs excluding any VAT. Include your box 8 figure</b>	<b>6</b>	<b>1,103,750</b>	<b>00</b>
<b>Total value of purchases and all other inputs excluding any VAT. Include your box 9 figure</b>	<b>7</b>	<b>334,750</b>	<b>00</b>
<b>Total value of all supplies of goods and related costs, excluding any VAT, to other EC Member States</b>	<b>8</b>	<b>188,750</b>	<b>00</b>
<b>Total value of all acquisitions of goods and related costs, excluding any VAT, from other EC Member States</b>	<b>9</b>	<b>42,750</b>	<b>00</b>