

Your VAT cheat sheet

Not clear on your VAT commitments? Don't stress. It's not as tricky as you might think.

Here's what to focus on.

1 Do you need to register for VAT?

Yes

Optional

(You can't claim VAT on expenses if you don't register.)

IF YEARLY TURNOVER IS **£85K OR MORE**

IF YEARLY TURNOVER IS **LESS THAN £85K**



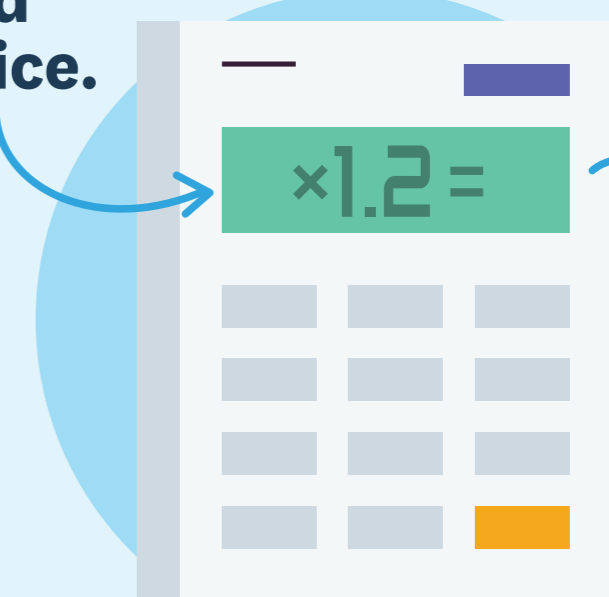
2 Registering for VAT

You can register [online with HMRC](#).

You'll need a National Insurance number or tax identifier, and bank account details.

3 Adding VAT to your prices

Old price.



VAT inclusive price (for 20% VAT).

* Old price x 1.2 = VAT inclusive price (for 20% VAT).
Old price x 1.05 = VAT inclusive price (for 5% VAT).
(No price change for 0% VAT)

4 Issuing VAT invoices

You'll need to be able to issue VAT invoices, with extra details like:



* More on VAT invoices in [Xero's VAT guide](#).

5 Recording VAT

Collected on sales

Subtotal £304.35
VAT **£60.87**
TOTAL £365.22
Money you owe HMRC



Paid on purchases

Subtotal £5335
VAT **£1067**
TOTAL £6402
Money you can claim back



* You will most likely collect more than you pay.

6 Preparing a VAT return

Figure out your VAT bill (or refund).

VAT collected		VAT paid	
April		April	
May		May	
June		June	
	£2819.74		£1342.87

£2819.74 - £1342.87 = £1476.87 Money you owe HMRC.

Now include this in your VAT return and file it online with HMRC.



7 VAT due dates

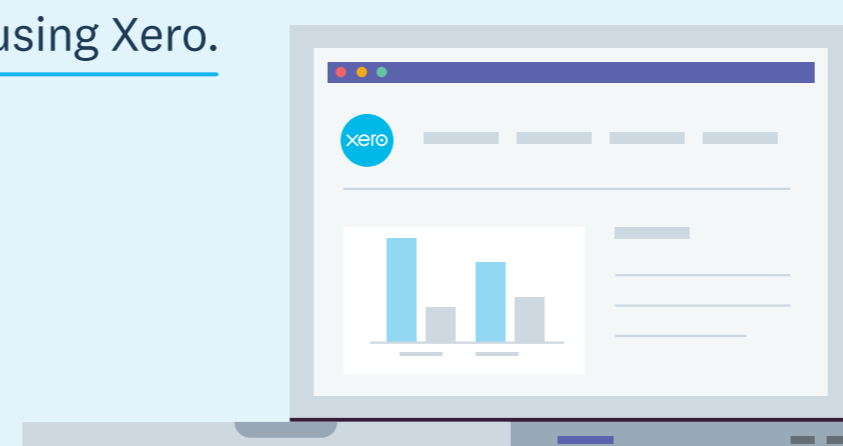
Most businesses file quarterly. The due dates are shown in your online VAT account.



Make VAT less taxing

Learn how software can help with VAT invoicing, accounting, and filing.

Simplify VAT using [Xero](#).



VAT tip

Think of VAT as money you're collecting for HMRC.

Treat it as their money and you won't get caught short.

Handy websites

GOV.UK www.gov.uk

Xero www.xero.com

Find an advisor www.xero.com/advisors

Beautiful business

