



VAT BREAKFAST HEADLINES

PAYMENTS BY CHEQUE

As from **1 April 2010** payment of VAT by cheque through the post will be treated as received by HMRC on the date the 'cleared' funds reach the HMRC bank account. Therefore, if the cheque payment does not clear by the "due date" shown on the VAT Return HMRC are likely to levy late payment surcharges. It is crucial that where VAT is to be settled in this way, the cheque is sent early enough to clear. Payment by electronic transfer would remove the worry.

CHANGES TO THE VAT TREATMENT OF POSTAL DELIVERY SERVICES

As from **31 January 2011** the Royal Mail will be required to charge VAT on postal service supplies when in competition with other providers of postal delivery services. The services affected will be bulk delivery services and other individually negotiated postal services.

Businesses will therefore have to consider the cashflow effect of having to pay VAT on the postal services, which will become an additional cost for those businesses not able, or only partially able, to recover VAT on costs.

The proposed VAT charge on the Royal Mail services will not apply to the normal postal services operated by the Post Office as these will remain exempt from VAT.

The Rawlinson & Hunter VAT consultancy advises on domestic and international transactions. We regard VAT as a key tax for many of our clients, which is why our service in this area is led by a highly experienced and senior member of the tax team with a proven track record of negotiation success on a range of VAT matters. Our aim is to provide commercially realistic advice and practical solutions to your VAT problems. We believe that VAT should be an important part of the wider tax planning for most businesses.

Our VAT Director, Nigel Medhurst, would be pleased to discuss your business and provide a view on your VAT efficiency. You can contact Nigel direct on 020 7842 2150 or email nigel.medhurst@rawlinson-hunter.com for an initial consultation to assess whether there is a need to consider your VAT affairs in more detail.

Experience has shown that by considering VAT early on, businesses can keep one step ahead which can pay considerable dividends later on.

The information contained in this bulletin does not constitute advice and is intended solely to provide the reader with an outline of the provisions. It is not a substitute for specialist advice in respect of individual situations.

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April 2010

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