



Alternative Evidence for Input Tax Recovery

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It is a common misconception that no input tax can ever be reclaimed if a vat invoice is not held by a business. There are circumstances where it is perfectly acceptable to claim vat as input tax even where a vat invoice has not been obtained – these include such items as off street car parking, telephone charges, purchases through coin operated machines and qualifying toll charges. HM Revenue & Customs readily agree to vat recovery in these circumstances

There are other situations where you might be told that vat is not recoverable because a tax invoice is not held or it is deficient in some way. A visiting vat officer may even raise an assessment for overclaimed vat and, to add insult to injury, charge you penalties and interest charges on top of that assessment. The situation here is not quite so clear cut. HM Revenue and Customs can accept alternative forms of evidence and the Tribunals & Court have found that they ought to have done so on a number of occasions. If you have bought goods or services and paid vat in good faith do not automatically accept that the vat is not recoverable just because a visiting vat officer tells you this. If he or she is acting unreasonably it would be sensible to take advice on what you can do to recover the vat your business has paid over to a supplier.

The fact that the supplier did not issue a document that complies with all the requirements to be classed as a vat invoice or even did not pay over to HM Revenue & Customs the vat you paid to him does not mean that no vat recovery can be possible. Obviously all businesses should look to ensure that they do obtain a valid tax invoice wherever this is required but the purposes of this piece is to let you know that the question of vat recovery is not as simple as you might have been lead to believe.

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