

## VAT - ANNUAL ACCOUNTING SCHEME

With effect from 1 April 2004, businesses with an annual taxable turnover of not more than £660,000 will be able to join the Annual Accounting Scheme. The scheme allows businesses to make one VAT Return a year instead of the usual four. It is normally a condition of the scheme that a business must have been VAT registered for 12 months. However business with a taxable turnover up to £150,000 may join the scheme immediately. Businesses already using the scheme will be able to continue to use it until their annual taxable turnover reaches £825,000.

### **From 1 April 2006:**

The following changes will be introduced with effect from 1 April 2006 to the annual accounting scheme:

- \* The turnover below which businesses are eligible for the scheme will increase from £660,000 to £1,350,000
- \* The turnover above which businesses must leave the scheme, will increase from £825,000 to £1,600,000
- \* The lower turnover limit of £150,000, above which a business cannot join the scheme until it has been registered for a year, will be removed.