

## VAT - HELP FOR SMALL BUSINESSES

With effect from **April 2008** you are liable to be registered for VAT at the end of any month if the taxable turnover of all your business activities in the year ended on the last day of that month has exceeded £67,000 (previously £ 64 ,000) unless you satisfy HMRC that your taxable turnover in the next twelve months will not exceed £67,000.

You are required to notify HMRC within 30 days of the end of the month in which the yearly limit was exceeded and will be registered from the beginning of the next month or such earliest date as is agreed with HMRC. Liability to register also arises at any time if your taxable supplies in the next 30 days are expected to exceed £67,000. You must notify HMRC within the 30 days and you will be registered from the beginning of the 30 days.

Please remember that not all businesses have to register for VAT as they are exempt - examples are nursing homes, doctors, banks.

### **Flat Rate Scheme**

Changes have been made to the VAT flat rate scheme to try to encourage businesses to take advantage of the arrangements. The turnover limit for joining the scheme remains £150,000 and the principal changes which took effect from 1 January 2004 are as follows:

1. Lower rates for all sectors with an average reduction of about 1%.
2. A further reduction of 1% off the normal flat rates for businesses in their first year of VAT Registration.
3. A revised table of flat rate sectors.