

Changes to VAT Online Filing & Payment from 1 April 2010

For most businesses it will become compulsory to file your VAT Returns online and pay your VAT bill electronically from 1 April 2010. For the rest, filing of paper VAT Returns and payment by cheque will be gradually phased out.

If you are VAT registered and your VAT exclusive turnover is **£100,000 or more** you will have to file your VAT Return online for accounting periods that start on or after 1 April 2010. If you register for VAT on or after 1 April 2010, you will have to file online regardless of your turnover.

If you are VAT registered and your turnover is less than £100,000 you can choose to continue to file paper returns and pay by cheque; however, HMRC has said that it will keep this under review and may withdraw this concession by 2012.

What does this mean for you?

If the above thresholds apply to you and you are not yet set up to file online, you should consider getting the ball rolling as soon as possible to make sure you are ready when the new requirements take effect next year.

Failure to comply will result in a penalty of at least £100 and possibly as much as £400, depending on your turnover.

You will have to pay your VAT bill by BACS, Bank Giro Credit Transfer, CHAPS, or Direct Debit. If you use BACS, Bank Giro Credit Transfer or CHAPS, your business will be allowed an extra 7 days to submit the return and payment; for Direct Debit there will be an additional 7 days for Return submission with payment collected a further 3 days later.

There are further cash flow advantages to online filing, as it is likely that you will also receive VAT repayments quicker if HMRC owes you money.

Businesses can use HMRC approved software to submit VAT Returns, file on line using HMRC's website gateway, or use the services of an authorised agent to submit the Returns on your behalf.

How we can help?

Watkins Bradfield provides a fully comprehensive VAT compliance and advisory service to a diverse range of businesses. As part of our efficient and timely VAT compliance service we can also file Returns online on your behalf, saving you the expense of new software. Our outsourcing department can also take care of your day-to-day accounting needs. This can be provided with a number of benefits including:

- freeing up management time to allow you to focus on your business and business strategy;
- providing you with quality financial information at the right time to improve decision making;
- taking away the burden of meeting deadlines and complying with regulations.
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Alternatively, Watkins Bradfield can offer a VAT Health Check to ensure your own internal procedures are fully compliant and your Return preparation procedures are correct.

If you would like to find out more about how we can help you with your VAT online filing, or for a VAT Health check contact:

P. Ll. Hunkin Bsc FCA, D. A. Rowe BA ACA, S.M.J. Harries BA FCCA ACA

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