



VAT Reverse Charge – T&C's

Murray & Willis Ltd are involved in buying and selling services within the Construction Industry Scheme and are therefore subject to the VAT Reverse Charge legislation as published by HMRC.

For reverse charge purposes, consumers and final customers are called end users. They are businesses, or groups of businesses, that are VAT and Construction Industry Scheme registered but do not make onward supplies of the building and construction services supplied to them. The reverse charge does not apply to supplies to end users where the end user tells their supplier or building contractor in writing that they are an end user.

Notification of end user status can be made:

- on paper and sent by post
- electronically in an email
- in a contract

The notification should be kept as part of normal business records and show clearly what supplies are covered. Contracts can be either for specific supplies or it can be a 'Heads of Agreement' or 'call-off' type contract for supplies that are to be made at some time in the future.

Where the end user notification is in a contract issued by the supplier, this will be a valid notification, as long as, the customer has given written agreement to the contract.

An example of the wording to use is:

'We are an end user for the purposes of section 55A VAT Act 1994 reverse charge for building and construction services. Please issue us with a normal VAT invoice, with VAT charged at the appropriate rate. We will not account for the reverse charge.'

HMRC have indicated that where a supplier "often deals with an end user, you can include a statement in your terms and conditions to say you'll assume that your customer is an end user unless they say they are not. This places a responsibility on the customer to respond if this is not the case."

Hence, in this respect Murray & Willis Ltd T&C's will assume end user status unless advised otherwise by customers/clients and charge VAT accordingly.