

**VAT savings opportunity – URGENT**

You will be aware that the VAT rate has reverted to 17.5% with effect from 1 January 2010.

There is an option for suppliers to charge VAT at 15% if the invoice relates to services provided or goods delivered before 1 January 2010. If the invoice covers services spanning the rate change, then an apportionment can be made.

Use of the 15% VAT rate will clearly be beneficial if the VAT on the invoice is not recoverable. Many charities can only claim a small proportion of the VAT they incur so it is worth looking at all invoices of significant value.

If a supplier does charge VAT at 17.5% then they can issue a credit note to reduce the VAT to 15% **but the credit note has to be issued by 14 February 2010.**

This option gives a very tight timescale, especially as many invoices for December 2009 will not be received until late January 2010.

We therefore recommend that you urgently consider this issue and whether you should contact suppliers in advance to ensure that they use the 15% VAT rate where they are allowed to do so.

If you have any queries on this matter then please contact your usual Liaison adviser or our free VAT helpline on 0800 700 652.

Regards

Andrew Belcher

Andrew Belcher AIIT

Director of Tax

abelcher@liaisonfs.com