



HMRC's Construction Reverse Charge

The VAT Domestic Reverse Charge for building and construction services starts on 1st October 2019. It is an anti-fraud measure designed to counter criminal attacks on the UK VAT system by means of sophisticated fraud.

What contractors need to do

If you're a contractor you'll also need to review all your contracts with sub-contractors, to decide if the reverse charge will apply to the services you receive under your contracts. You'll need to notify your suppliers if it will.

What sub-contractors need to do

If you're a sub-contractor you'll also need to contact your customers to get confirmation from them if the reverse charge will apply, including confirming if the customer is an end user or intermediary supplier.

Services affected by the domestic reverse charge

The reverse charge will affect supplies of building and construction services supplied at the standard or reduced rates that also need to be reported under CIS. These are called specified supplies.

There is an important difference between CIS and the reverse charge where materials are included within a service. The reverse charge applies to the whole service whereas CIS payments to net status sub-contractors are apportioned and no deductions are made on the materials content. The reverse charge does not apply if the service is zero rated for VAT or if the customer is not registered for VAT in the UK.

How the domestic reverse charge works

The reverse charge means the customer receiving the specified

service has to pay the VAT to HMRC instead of the supplier. In turn the customer can recover the VAT

Problem Areas

1. Flat Rate Scheme – Subcontractors affected should leave the Flat Rate Scheme
2. Contractors need to devise ways to confirm their status to subcontractors
3. Work out how to separate and report the Reverse Charge
4. Consider the Cash Flow Impact – many net payers will be making reclaims
5. There is a risk of errors and penalties and currently its unclear where the penalties will be levied – contractor or subcontractor

Would you like your address removed from Companies House?



Some directors have been targeted by criminals such as those trying to steal your identity.

If you used your home address as your service address (or 'correspondence' address), you can ask Companies House to:

1. remove it from the register
2. withhold it from credit reference agencies – you can only do this in certain circumstances

You'll need to apply and pay for each of these separately.

You cannot ask to remove your company's registered office address, even if it's your home address.

You can ask Companies House to remove your home address from publicly available documents, such as a form to appoint a director.

You'll need to know which documents contain your home address. Check this by finding your company on the [Companies House register](#).

Download an [application form](#). It costs £55 to remove your address from each document.

Payment details are on the form.

Send your application form and fee to the Registrar of Companies.

The Registrar of Companies
PO Box 4082
Cardiff
CF14 3WE

Ask to have your address withheld from credit reference agencies

You can only do this if you're at risk of violence or intimidation because of your company's work. You need to

provide proof such as:

a police incident number if you've

been attacked

documentary evidence of a threat or attack, such as photos or recordings

evidence of possible disruption or targeting, such as by animal rights or other activists

evidence that you work for an organisation whose activities put you at risk, such as the Secret Intelligence Service

Request an application form by emailing dsr@companieshouse.gov.uk.

It costs £100 to apply.

NOT SURE WHAT TO DO

Contact us –

info@stuartfergusonaccountants.co.uk

Signing Up to Making Tax Digital

Many businesses have found the sign up process confusing because

- They were in the Pilot
- They didn't realise they needed to register
- They thought the software would do the registration

The best time to register is after you have filed your last pre-MTD VAT return and made payment or had a refund and at least 7 days before the end of the next VAT period.

The reason why this is important is that HMRC need time to switch businesses from old gateway to the new MTD system.

We have had spoken to businesses who registered at the wrong time and found that they either can't submit returns or Direct Debits or repayments have been delayed causing significant cash flow problems particularly for businesses expecting six figure refunds.

It is important to register for MTD and then register your software.

The Business or the Agent can register the business to speak to us before you register.

Guidance

Sign up for Making Tax Digital for VAT

Sign up your own business (or your clients) for Making Tax Digital for VAT after you've got the right software.

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From: [HM Revenue & Customs](#)

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Who should sign up

Most VAT registered businesses with a taxable turnover above £85,000 need to sign up for Making Tax Digital for VAT.

[Check if and when a business needs to sign up.](#)

Businesses that currently pay VAT by Direct Debit cannot sign up in the 7 working days leading up to, or the 5 working days after their VAT Return is due.

What you'll need

You'll need:

- [compatible software](#) to submit your VAT Return
- information about the business you're signing up
- a Government Gateway user ID and password

Sign up

Sign up your own business

If you do not have a Government Gateway user ID, you can create one when you sign up.

[Sign up your own business.](#)

Related content

Detailed guidance

[Making Tax Digital for VAT as an agent: step by step](#)

[Making Tax Digital for VAT as a business: step by step](#)

Collection

[HMRC services for tax agents](#)

[Making Tax Digital for VAT](#)

The best way to generate profit

Supporting Charities and good causes will increase your business profits.

Research has shown

Millennials' suspicion towards businesses' motives coupled with a desire to actively make an impact on the world has given birth to a new, overwhelming demand for CSR. Rather than blindly patronizing corporations with unclear intentions and shady operations, millennials strongly favour businesses with transparency and a clear commitment to give back to society.

According to a 2015 Cone Communications Millennial CSR Study, "more than 9-in-10 millennials would switch brands to one associated with a cause," and millennials are "prepared to make personal sacrifices to make an impact on issues they care about, whether that's paying more for a product, sharing products rather than buying, or taking a pay cut to work for a responsible company."

<https://cmr.berkeley.edu/blog/2017/1/millennials-and-csr/>

Corporate social responsibility (CSR) is regarded as a **good strategic marketing tool** and it

has **significant influence on consumers' behaviours**.

Many businesses falsely believe that adopting Corporate Social Responsibility will make them less profitable but this is absolutely not the case.

The truth is that customers, suppliers and society as a whole are placing increased importance on CSR. This trend is likely to further increase as government spending is cut further and the uncertainty of BREXIT gathers pace.

The success of CSR depends on how you embrace it, here some approaches originally identified by McKinsey:

Pet Projects

These projects reflect the interests of the senior management but often don't live up to expectations.

Philanthropy

Generally this type of CSR is donation based and tend to benefit society more than the company

Propaganda

This type of CSR is designed to enhance the company's reputation, its often seen as type of advertising

Smart Partnering

These partnerships move beyond the three areas above and work to improve employment, quality of live and living standards. These partnerships are see as providing the highest benefits for Society and the Business.

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