

# You ask the questions

Our panel of experts tackle your burning business issues

## In terms of VAT what is "reverse charge" of services?

### answer



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THE VAT treatment of services sold to or bought in from outside the UK is very complicated. The reverse charge relates to certain "standard rated" services provided by a VAT registered business in one EU country to a VAT registered business in another. The supplier does not charge VAT, but the recipient must account for this transaction in their own country. There is a list of these services on the HMRC website. Example of these services deemed to be intangible in character are: accountancy, consulting, marketing.

In the UK, a recipient of reverse charge services bought from another country (EU or from outside the EU) must account for the value of the service as a sale and purchase "to" and "by" himself, by entering the transaction plus 15% VAT as an output sale and an input purchase. The reason for these accounting entries is because if the business makes "exempt" supplies, not all of the input VAT can be reclaimed. Because, the purchased services is

deemed to be a supply "by you" the value of this supply must be taken added to turnover when calculating if your business must register for VAT.

The overall aim of the VAT Package is to ensure that supplies of services are taxed in the place of consumption. Therefore additional services where the place of supply is currently deemed to be where performed is to be added to the list as from 1 January 2010. Example: valuation or work on goods, auctioneers buyers premium. Other services are to be "reverse charged" over the next five years. As from January next year, details of all "reverse charge" services sold to a VAT registered business in another EU country must be entered onto an EC sales list by the provider of the service.

Information on these pages is meant only as a guide to possible solutions. Please seek professional assistance tailored to your specific needs before acting on information given here.

## Lisa scoops outstanding achievement award

LISA Jarvis, owner of Henfield-based Permanent Solutions Direct, was given the Eileen Simpson Award for Outstanding Contribution at the Recruitment Professionals Awards in London.

Lisa's 20-year career in the recruitment industry has seen many highlights including taking a Select office from threatened closure to healthy profit within a 12-month period and setting up her own business in 2005.

Lisa has used her vast knowledge and experience to add value to the industry. Working closely with trade body the REC to promote professional and ethical recruitment practice, she was recently appointed a regional director for the Institute of Recruitment Professionals (IRP) to help the organisation achieve chartered status. Lisa is also involved with her local authority on the Business Mentoring programme at senior schools, using this as an opportunity to promote the recruitment industry as a career of choice. Kevin Green, REC chief executive, said:



Above: **Lisa receives the award from left, Angela Masters, chairwoman of the REC, and compere Gyles Brandreth**

## Training to beat the recession

**Trainingskills4u**, the Crawley-based training consultancy, said sales remained buoyant despite the economic downturn. Training clients as varied as Rolls Royce, East & West Sussex Fire services and Tony & Guy Hairdressers the Manor Royal, Crawley based company has seen a healthy take up of train the trainer courses despite the recession. "Training is essential in times of recession, up skilling and motivating your staff during difficult times is something smart companies do.

"Getting more out of fewer staff is good business sense especially when the pressure is on to deliver more for less will help your company survive the recession," says Carl Bennett, Trainingskills4u Director.

Successful business leaders including HR management are positive and optimistic, realist's yes, but their glass is always half full, up skilling your team not only is financially advantageous it also raises motivation and professionalism."

"The awards ceremony was the perfect way to show just how far we have already come in attracting people with the highest professional standards, dedication and commitment to the recruitment industry. We salute the winners for their exemplary qualities and skills and wish them all well in their future careers and endeavours".