

Receiving building & construction services

Answer the following questions, if at any stage, the answer is no then the supply is under the normal VAT rules and your supplier should have charged VAT the invoice.

1. Are you VAT registered and CIS registered?

(Note: if you are not CIS registered and providing construction services, this should be reviewed)

2. Does your customer have a VAT number and CIS registration?

Check:

<https://www.gov.uk/check-uk-vat-number>

<https://www.gov.uk/use-construction-industry-scheme-online>

If either comes back negative, check with the customer and ask for evidence. It doesn't matter if the customer is "Gross Status" for CIS, they would still apply.

3. Is the work covered by the Construction Industry Scheme (CIS)?

See: <https://www.gov.uk/government/publications/construction-industry-scheme-cis-340>

The supply of materials with no services is outside the scope of CIS

4. Is the supply a standard rated (20%) or reduced rated (5%) supply?

Generally, all work would be standard rated or reduced rated unless related to a new build or conversion to residential.

5. Have you confirmed to the supplier that you are not the "End User"?

Only the End User is charged VAT. The End User is the last person/company in the chain and does not invoice on the supplies of construction services typically because it is their building.

The Domestic Reverse Charge Applies

Result:

- Your purchase invoice should have no VAT charged
- There should be wording on the invoice of "reverse charge: Customer to pay the VAT to HMRC"
- There should be sufficient information on the invoice to allow you to calculate the VAT that needs to be brought into account.
- Record the reverse charge on your VAT Return. The calculated VAT is input into Box 1 and Box 4 on the same VAT Return. This results in no VAT being paid to or recovered from HMRC. Your accounting software should have a reverse charge code to facilitate this double entry on the VAT Return.