

VAT – A Guide

VAT on printing is often quite complex, and at best still confusing. Staff here, at Victoire are very experienced in applying the VAT rules, but even we have to stop and think sometimes. We have many books, guides and book-marked websites in order to help us keep on top of the rules. Not even we know everything! If we become stumped from time to time then it's no wonder our customers find it difficult to understand. This fact sheet is designed to answer our customers' most frequently asked questions. But, if you are still unsure, or need further clarification, then please get in touch.

How does VAT work?

Value Added Tax (VAT) is a tax that you pay when you buy goods and services in the European Union (EU), including the UK. VAT is added on to the net cost of the job, to give a total gross amount due.

VAT Rates

There are three VAT rates:

- Standard Rate
- Reduced Rate
- Zero Rate

There is also an exemption from VAT.

What do we use at Victoire?

Victoire are VAT registered and are required to charge VAT on its' goods and services provided.

The printing industry use two VAT rates:

- Standard Rate
- Zero Rate

Where goods and services are subject to VAT then it is added at the standard rate.

Where goods are not subject to VAT then we apply the 0 % rate.

Are you VAT registered?

If you are VAT registered then you can claim back the VAT from HM Revenue & Customs (HMRC). Whilst VAT may become a temporary cash flow issue, due to timing, it is not a "cost" to your business, as you can claim it back.

If you are not VAT registered then VAT is an additional cost to you, as it cannot be claimed back from HMRC. Therefore you need to check whether VAT will be chargeable on your printing when you receive a quotation, as VAT will increase the cost of the job, and all our quotes are supplied without VAT.

Quotes

Our quotes do not include VAT.

If the goods or services are subject to VAT then this will be added on to the net invoice total.

Invoices

All our invoices detail the VAT amount, where VAT applies. If you have not been charged VAT then that is because the goods are not subject to VAT, they are zero rated, and you are not liable to pay VAT.

How do we decide which rate to use?

Unfortunately, as with most things in VAT, there is little logic in applying the VAT rules on printed matter. HMRC have definitive rules, which we have to apply. Quite simply, we look in our VAT guide, and if the item satisfies the conditions to apply VAT then we apply it, if the goods satisfy the zero-rated rules then we don't add VAT to the cost of the job.

Examples of Common Zero-Rated Items

Agendas, Booklets, Books, Catalogues, Leaflets, Magazines, Manuals, Maps, Programmes.

Examples of Common Standard Rated Items

Binders, Cards, Compliment Slips, Letters, Order Pads, Questionnaires, Single Sheets, Unprinted paper.

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Packages

Where a “pack” is supplied which contains a mixture of standard and zero-rated items, then we must apply the “package test”.

A package (or collection) of printed matter would usually be enclosed in some sort of wrapper, or bound in some way. It must be a complete supply.

For example:

Items shrink-wrapped together, or manuals in a ring binder with a DVD included.

The items in a package would also have a common link. So, the DVD included with a manual would directly relate to the content of the manual.

Firstly, we would determine if there is a “significant item”. So, where one item becomes significant the other items become incidental. The decision to apply VAT, or not, would then be determined by this significant item. If there doesn’t seem to be one significant item then we would look at the package as a whole and decide whether the items are predominately standard rated or predominantly zero-rated.

For example:

A pack containing one letter and three leaflets might be determined to be predominantly zero-rated, and then the full supply can be zero-rated.

If not decided by quantity of goods, the VAT rate might be determined by the value of goods, where one item is of a more significant value than the others, then that item would determine the VAT rate.

VAT for Charities

If you are a charity then you may be exempt from paying VAT. Being a registered charity and having a charity number is not, however, enough to be exempt. You must hold an exemption certificate, which will clearly detail the supplies the charity is exempt from.

Unfortunately we cannot zero rate all supplies to charities, even with a registered charity number, without a certificate issued by HMRC.

If you have a certificate exempting you from VAT, please let us have a copy, as we can then zero-rate all your supplies.

Conclusion

Hopefully this guide has covered the most frequently asked questions, although it is not exhaustive and not a definitive guide. VAT on printing is a minefield, which could fill a book – which, by the way, would be zero-rated!!

Contact

Staff at Victoire, are always happy to discuss VAT with you. Just contact us in the normal way and ask to speak to our accounts department.

Telephone: 01954781919