

## **Pucker VAT invoices**

At the beginning of January 2004 Customs & Excise changed the rules about VAT invoices, but they didn't shout about it so you may not be aware that you should be doing something different.

The main change is that a VAT invoice should now include the unit price of any 'countable' goods or services. So if you charge by the hour you need to show your hourly rate. However if it is not the usual practice in your business sector to show this information you don't have to, as long as your customer doesn't demand it. The other major change is that you no longer have to show the different types of supply on the invoice such as goods separately from fitting services, but you can include this information if you want to.

If you are planning to send out your invoices electronically, or you already do so, you need to tell Customs & Excise that you are using a non-paper method of invoicing. The information that must be included on an electronic invoice is the same as for a paper one, but you do need to ensure the methods of transmitting and storing electronic invoices are secure so the invoice can not be tampered with. Remember you need to keep copies of all VAT invoices sent or received for at least six years from the end of the accounting period they relate to.

If you receive an invoice that doesn't include the correct information Customs & Excise will refuse to accept it as a valid VAT invoice and you will not be able to claim the VAT back on your purchase. So you can help your customers by issuing correct VAT invoices. Obeying the new rules will also help you to avoid a penalty should Customs inspect and find your systems lacking.

Customs have said they will apply a 'light touch' when policing the new VAT invoice rules for the first twelve months, so you just have a few weeks to bring your invoicing procedures up to scratch.

Further information:

VAT information sheet: 16/03 VAT invoicing changes

VAT Notice: 700/63 Electronic invoicing