



Isle of Man
Government

Reiltys Ellan Vannin

Welcome to the Isle of Man Government Conference

➤ Building a better future together





**Isle of Man
Government**

Reilrys Ellan Vannin

An Introduction to Value Added Tax

➤ Presented by Mark Shuttleworth



Today's Aims

- What is VAT?
- Taxable Person
- Taxable Supplies
- VAT Registration
- VAT Rates and Liabilities
- Invoices and VAT Recovery





What is VAT?

VAT is a tax applied to goods or services



Made in the Isle of Man or UK by a taxable person



**In the course or furtherance of business,
not specifically exempted**





What is a Taxable Person?



You're a taxable person once you're either:

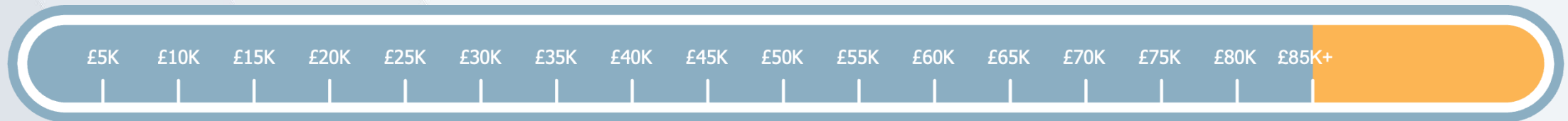
- Registered
- Required to be registered





VAT Registration

VAT Threshold – £85,000



You have to

Why should I register?

Financially beneficial

Voluntary register at anytime

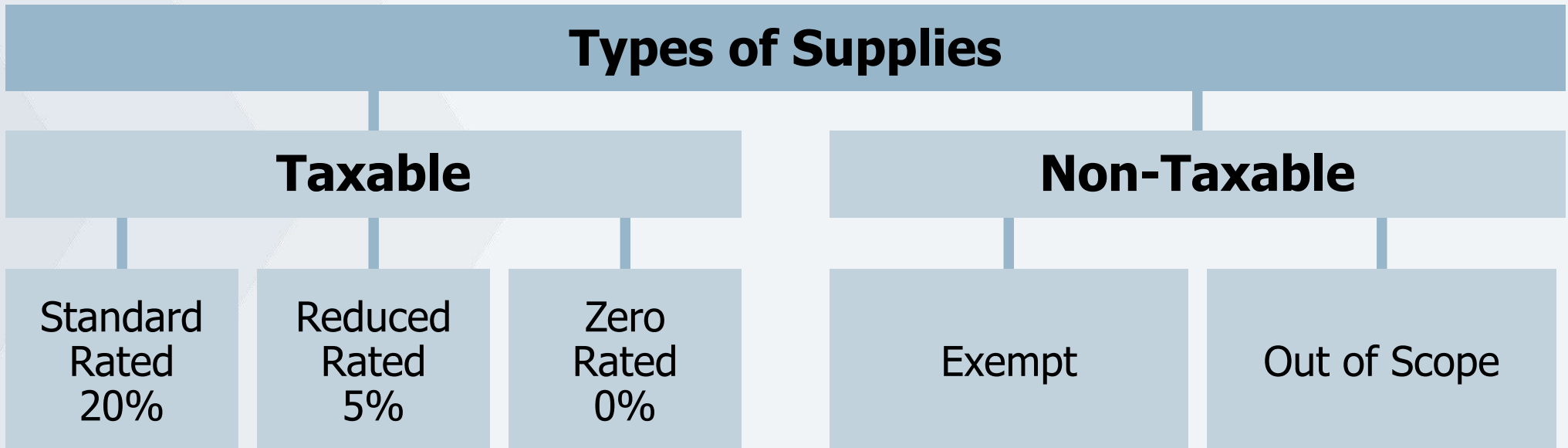
When should I register for VAT?

Turnover over £85,000





Types of Supplies?





VAT Liabilities

Everything you buy or sell is standard rated – 20%

Except when it is:

- Reduced rated, (Sch 1)
- Zero rated, or (Sch 9)
- Exempt (Sch 10)





What are the VAT Rates?

Standard Rate
20%

- All goods & services in the IOM/UK unless VAT Act says otherwise





What are the VAT Rates?

Reduced Rate

5%

- Children's car seats
- Fuel & power
- Energy saving materials
- IOM holiday accommodation
- IOM home improvements





What are the VAT Rates?

Zero Rate
0%

- Food
- New houses
- Children's clothing
- Newspapers & books
- Transport





What are the VAT Rates?

Exempt

- Finance
- Insurance
- Health & Welfare
- Land
- Betting & Gaming





How VAT Works...



Buy - £10
VAT - £2



Buy - £5
VAT - £1



Sell - £20
+ £4 VAT

Sales - Output VAT = £4
Purchases - Input VAT = £3
Net Tax = £1





Invoices and VAT Recovery

Record your purchases showing the following:

- Date of invoice / VAT number
- Supplier's name
- Value of goods
- VAT charged

Demo Co.

TAX INVOICE

Bayside Club
Attention: Club Secretary
P O Box 3354
South Mailing Centre
Oultown
Madrepsville
MA12 2L3
UNITED KINGDOM
VAT Number: GB 234567890

Invoice Date
14 Apr 2019

Invoice Number
INV-0038

Reference
GB1-White

VAT Number
GB 123456789

Orange Demo Co
23 Main Street
Central City
Marineville
MV12 3CC

| Description | Quantity | Unit Price | VAT | Amount GBP |
|---------------------------|----------|------------|--------|---------------|
| Courier charge | 1.00 | 10.00 | Exempt | 10.00 |
| Golf balls - white single | 40.00 | 4.67 | 20% | 186.67 |
| Subtotal | | | | 196.67 |
| TOTAL VAT 20% | | | | 37.33 |
| TOTAL EXEMPT | | | | 0.00 |
| TOTAL GBP | | | | 234.00 |

Due Date: 24 Apr 2019
When paying by cheque, please complete this payment advice, detach and post to the address provided.
Online payment preferred - use our account 99-04-04 987654321 or use the 'Pay online now' link to pay via PayPal with your credit card.

VISA MasterCard PayPal

[View and pay online now](#)





Common Non-Deductibles

Things often reclaimed in **error**...





Questions





Need Assistance or Advice

Contact: Mark Shuttleworth | Tel: 648130 | customs@gov.im

Personal and General Tax

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