



United Kingdom

VAT standard rate

The standard VAT rate in the United Kingdom in 2023 is 20%.

VAT reduced rate

5% and 0%.

Threshold

As the UK left the EU distant sales threshold no longer applies to distant sales to the UK. The exemption that exists for goods between Northern Ireland and the EU doesn't include sales of services. That means that for non-UK businesses VAT registration obligation starts from the first B2C sale.

Pieces of evidence

Examples of the type of supporting evidence that tax authorities will accept include:

- The billing address of the buyer;
- The IP address of the device used by the consumer;
- buyer's bank details;
- The country code of the SIM card used by the buyer;
- The location of the consumer's fixed landline through which the service is supplied;
- Other commercially relevant information – for example, product coding information that electronically links the sale to a particular jurisdiction.

We strongly advise you to keep proof of the seller's location, which can confirm the correctness of the calculated VAT.

Defining digital services (E-services list)

Radio and television broadcasting services, which include:

- Provision of audio and audiovisual content for simultaneous listening or viewing by the general public based on the schedule of programs by the person in charge of editorial;

Live streaming through the internet if broadcast at the same time as transmission by radio or television.

Telecommunications services mean the transmission of signals of any nature by wire, optical, electromagnetic, or other system and include:

Fixed and mobile telephone services for the transmission and switching of voice, data, and video, including telephone services with an imaging component, otherwise known as videophone services;

Telephone services are given through the internet, including Voice over Internet Protocol (VoIP);

Voice mail, call waiting, call forwarding, caller identification, 3-way calling and other call management services;

Paging services;

Access to the internet.

Electronically supplied services – these rules only apply to e-services that you supply electronically and include things like:

Supplies of images or text, such as photos, screensavers, e-books, and other digitized documents, for example, PDF files;

Supplies of music, films, and games, including games of chance and gambling games, and programs on demand;

Online magazines;

Website supply or web hosting services;

Distance maintenance of programs and equipment;

Supplies of software and software updates;

Advertising space on a website.

Digital services taxation rules do not apply to services provided only by telephone, such as call center support services.

Registration procedure

If your supplies are liable to UK VAT you will need to [register for UK VAT](#) if you are based outside the UK.

To register, you need to create a personal account on the website of the tax department and send an online application. Usually, the application is considered within 30 days. After that, Tax Team may send you an additional request for documents or information.

VAT returns filing date

The standard VAT tax period is a quarter. You can check your VAT Return and payment deadlines in your VAT online account.

It is necessary to submit declarations no later than 7 days in the second month following the reporting period.

Keeping records

You must keep VAT records for at least 6 years.

You can keep VAT records on paper, electronically, or as part of a software program (such as book-keeping software). Records must be accurate, complete, and readable.

Records you must keep include:

- Copies of all invoices you issue;
 - All invoices you receive (originals or electronic copies);
 - Self-billing agreements – this is where the customer prepares the invoice;
 - Name, address, and VAT number of any self-billing suppliers;
 - Debitor credit notes;
 - Import and export records;
 - Records of items you cannot reclaim VAT on – for example, business entertainment;
 - Records of any goods you give away or take from stock for your private use;
 - Records of all the zero-rated, reduced or VAT-exempt items you buy or sell;
 - A VAT account;
- You must also keep general business records such as bank statements, cash books, cheque stubs, paying-in slips, and till rolls;
- If you use the Cash Accounting Scheme you must use these records to match them against your payment records and receipts.

If you've signed up for Making Tax Digital for VAT, you must keep a digital record of anything that is needed for your VAT Return (your business name, address, and VAT registration number, any VAT accounting schemes you use, the 'time of supply' and 'value of supply' (value excluding VAT) for everything you buy and sell, the VAT on everything you buy and sell. You must add all your transactions to your digital records, but you do not need to scan paper records like invoices or receipts).

Penalties

Penalties for late filing of the declaration from 2 to 15 percent. The amount of the fine depends on the number of months of delay and the annual turnover.

