

I've Hit the VAT Threshold... Now What?

What's Changed?

Once you cross the threshold, you must register for VAT within 30 days. You'll need to start charging VAT on your sales, file regular VAT returns, and pay any VAT owed to HMRC. You can also reclaim VAT on eligible business purchases. This is a big shift in how your business finances work, so planning ahead is essential.

What You Need To Do Now

- **Register for VAT.** This can be done online through HMRC. Your registration date will usually be the first day of the second month after you exceed the threshold, but in some cases, it's sooner.
- **Start charging VAT on sales.** Once registered, you must charge the correct VAT rate (usually 20%) on your sales and show this clearly on your invoices. You must also display your VAT registration number on all invoices.
- **Decide which VAT scheme to use.** There are different ways to report and pay VAT, including the Flat Rate Scheme, Cash Accounting, or Standard VAT. I can help you choose what's best for your business.
- **Update your invoicing and accounting software.** You'll need to show VAT separately and keep digital records. If you're not already using digital software, now is the time to switch.
- **Keep records and receipts.** These help you reclaim VAT on business expenses and support your VAT returns.
- **Understand filing and payment deadlines.** VAT returns are usually submitted quarterly. Payment is due one month and seven days after the end of your VAT period.

How I Can Help

I can:

- Register you for VAT and explain what it means for your business
- Help you choose the right VAT scheme
- Set up your software to handle VAT properly
- File your VAT returns and remind you of deadlines
- Answer any questions as you get used to the new system

Easy Mistakes to Avoid

- ✗ Not registering in time (this can result in penalties)
- ✗ Charging VAT before your registration date
- ✗ Forgetting to update your invoices or pricing
- ✗ Missing out on VAT you could reclaim
- ✗ Leaving it too late to get the right advice

Need a hand?

VAT doesn't need to be scary or confusing. Whether you've just hit the threshold or expect to soon, I can help make sure everything is set up correctly and working smoothly. Just reach out when you're ready.