



COMMON VAT SCHEMES

Accrual VAT

This is the standard VAT scheme. VAT is accounted for on your sales and purchases on the date of invoice and VAT is paid quarterly to HMRC regardless of if the invoices have been settled.

Cash Accounting Scheme

With cash accounting you don't pay the VAT until you've been paid, but this is also the case for your purchases.

Annual Accounting Scheme

With annual accounting, you only submit one VAT return per year. You make payments to HMRC in nine monthly or three quarterly instalments with a balancing payment or refund when the VAT return is submitted. The instalments are based on the previous year's VAT or an estimate from HMRC.

Flat Rate Scheme

Flat rate VAT is calculated as a fixed percentage of your sales. You don't claim back the VAT on purchases except for capital purchases over £2,000. You keep the difference between what you charge your customers and what is paid to HMRC.