

Are you ready? VAT: Withdrawal of the Staff Hire Concession

“The current concessionary arrangements in respect of supplies of temporary workers by employment businesses will be withdrawn with effect from 1 April 2009. Currently such businesses are allowed to exclude the wages element from the supplies they make, and to account for VAT solely on their margin”.

This means an employment business will shortly have to charge VAT on the total invoice value of all placements, to now include VAT on both the fee element and the wages element. Obviously, this will create an additional cost to all public and private sectors who are unable to reclaim VAT on goods or services, such as; the NHS, Education Authorities, Charities and Financial Institutions.

(For details on the full document see <http://www.hmrc.gov.uk/budget2008/tn-withdrawal-staff-hire.htm>)

What should be done – Immediately?

- ☐ Ensure that you check with your Tax/VAT advisers or HMRC directly about the status of your organisation and the POTENTIAL effect on your clients.
- ☐ Give ample time to arrange for VAT registration, exemption or otherwise before the April 2009 deadline.
- ☐ Check with your current payroll/umbrella/limited company providers that they too have addressed this issue and whether they can minimise these effects or if things will remain unchanged.
- ☐ Apply the correct amount of VAT on all of your invoices from (Day 1) in April 2009. Failure to do so could result in your business having to issue an unexpected VAT invoice at a later date. What will your clients think of you if this were to happen?
- ☐ Ensure that you get all correspondence in writing from all of the above sources.

An alternative!

RACS Group can offer you a solution to the above problem, certainly by minimising your exposure to unexpected VAT liabilities and additional costs to your clients. In most cases, we can assist in removing the problem entirely, without any additional financial burden to all parties.

To find out more please free to contact us on the number below for an initial ‘without obligation’ discussion. If however you decide not to call then please take ‘on board’ the five tips indicated above with our compliments and retain our details for any future assistance.

RACS offers the following MSC compliant services through our third party professional partners:

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| ✓ Full limited company formation | ✓ VAT returns and registration |
| ✓ Payroll | ✓ Company secretarial duties |
| ✓ Company and simple personal tax returns | ✓ Companies House returns |
| ✓ Annual accounts / year end | ✓ Invoicing services to your employment business |
| ✓ Routine tax queries and administration | ✓ Payments to HMRC (TAX, NIC) |
| ✓ Processing of expenses | ✓ Day-to-day assistance with your PSC |
| ✓ IR35 contract reviews and advice through PCG | ✓ Corporation tax returns |