

How to check if your supplier invoice is correct for input tax

Many business owners have made the mistake of purchasing business supplies in their own name rather than the business's name. Or if you have multiple companies, the purchase invoice may be directed at the incorrect company.

However, in the eyes of HMRC, invoices that are not directed to the correct company may be invalid for reclaiming VAT.

As a general rule, you should always ensure that if you are purchasing business supplies, the invoice states the correct business name.

Supplies to employees

Business owners can reclaim input tax on supplies to employees in certain circumstances. Supplies to employees include expenses such as fuel, accommodation and meals.

To reclaim input tax on supplies to employees, the supply must be **paid for by the employer for the purpose of the business.**

For instance, you can reclaim input tax on fuel expenses to a work site. However, you should not claim fuel expenses that are not work-related.

Simplified VAT invoices

When the total amount due on a business's invoice is under £250, they can issue a simplified invoice. Simplified invoices do not need to include the customer's name and address.

You can reclaim input tax with a simplified invoice as long as it includes all of the mandatory information:

- The supplier details
- An invoice number
- The tax point (the transaction date)
- A description of the products/ services sold
- The VAT rate(s)
- The total (gross) amount due

If the simplified invoice is above £250 or does not include the mandatory information, you must contact the supplier as soon as possible. Make sure you document your attempts of getting a valid invoice in case HMRC ask for it.

Reclaiming VAT without a valid invoice

If you do not have any luck obtaining a valid invoice, there are other ways that you can prove the sale to HMRC.

You will need to prove to HMRC that:

1. There has been an actual supply of goods and/or services to your business.
2. Your business received the goods and/or services.
3. You have some form of documentary evidence to support the claim.

Any additional documentation would be helpful to your claim - including contracts, purchase orders, email correspondence, bank statements, etc.

The information you provide will be reviewed by HMRC staff who will have the final decision on whether or not your deduction request is approved.