

VAT on Business Assets With Private Use

HM Revenue and Customs have issued a new brief covering the common situation in which assets are bought which are used for both business and private use.

Traditionally, this could be dealt with either by claiming only the percentage of the input VAT which corresponded to the percentage of business use or by claiming all the input VAT and then making a VAT charge (i.e. adding to the output VAT payable) for the private use on an 'as you go' basis. This latter method is called 'Lennartz accounting', after the VAT case that established the principle.

Following a Dutch VAT case, however, the use of Lennartz accounting has been considerably restricted. If this affects your business, see <http://www.hmrc.gov.uk/briefs/vat/brief0210.htm>.

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