

TECHNICAL BULLETIN FROM GLOBAL BUSINESS SYSTEMS

BULLETIN NUMBER GT943, 26 APRIL 2007

HMRC VAT INFO SHEET 06/07 – REVERSE CHARGE SALES

This bulletin contains important information for users involved in the sale of mobile telephones and/or computer chips.

The following text is taken from [information sheet 06/07](#) published on the HMRC website on April 3rd 2007:

“This Information Sheet explains a new VAT accounting mechanism (the reverse charge). This will apply, with some exclusions explained below, to supplies of mobile phones and/or computer chips which are:

- valued at £5000 and over and
- made by one VAT-registered business to another.

The reverse charge applies to all such supplies made on or after 1 June 2007.

Under the reverse charge accounting mechanism, it is the responsibility of the customer, rather than the supplier, to account to HMRC for VAT on supplies of the specified goods.

VAT-registered businesses which sell the goods described in section 2 below will need to consider whether the reverse charge applies to their transactions. Businesses which purchase goods to which the reverse charge applies must account for VAT on those purchases to HMRC.”

HOW DOES THIS AFFECT USERS OF GLOBAL 3000?

In view of the restricted market to which reverse charge changes apply, TIS Software Ltd has added development of a reverse charge VAT code for transactions subject to reverse charge and a Reverse Charge Sales List function for reporting reverse charge sales and generating files suitable for bulk submission to HMRC to its mid-term enhancement list for Global 3000 Debtors Ledger V6.0. There are currently no plans to extend Creditors Ledger and reverse charge adjustments for VAT on purchases is expected to be recorded as a separate VAT journal adjustment in General Ledger.

The planned development is almost certainly subject to further statutory changes by HMRC in the area, but more importantly, depends on the level of impact the new accounting requirements actually will have on our Global User community. Any Reseller with sites affected by the new ruling (bearing in mind the exclusion allowed by the de minimis rules) are asked to advise us of the fact via support@global3000.co.uk.

Any users of Global 3000 Debtors Ledger V5.0 and earlier affected by these changes will need to record supplies subject to reverse charge separately and use the online facilities provided by HMRC to submit details of those records. Alternatively, sites using Global 3000 Debtors Ledger V5.0 might consider upgrading to use Global 3000 Debtors Ledger V6.0 to obtain the ability to generate Reverse Charge Sales Lists as CSV files suitable for bulk upload directly onto the HMRC website.

HOW DOES THIS AFFECT USERS OF GLOBAL 2000 SALES LEDGER?

Any users of Global 2000 Sales Ledger who are affected by these changes will need to record supplies subject to reverse charge separately and use the online facilities provided by HMRC to submit details of those records. Alternatively, sites using Global 2000 Sales Ledger might consider upgrading to use Global 3000 Debtors Ledger V6.0 to obtain the ability to generate Reverse Charge Sales Lists as CSV files suitable for bulk upload directly onto the HMRC website.