

# VAT reverse charge for building and construction services

From 1 October 2019 businesses in the building and construction industry will face significant changes to the way they account for VAT. Businesses should act now to prepare for these changes.

## What are the changes?

VAT registered businesses in the Construction Industry Scheme (CIS) will need to use the reverse charge mechanism to account for VAT. This will mean customers will need to pay VAT on supplies received directly to H M Revenue & Customs rather than to suppliers, which will have a significant impact on cashflow for many businesses. The rules do not apply to services provided to consumers or end users.



### Contractors

- Identify and notify subcontractors caught by these changes
- Consider change in status and advise subcontractors



### Subcontractors

- Obtain customer confirmation that reverse charge applies, including whether they are an end user, registered for VAT and caught by CIS



### All CIS Businesses

- Consider cashflow implications of changes
- Consider monthly VAT returns
- Ensure accounts staff are familiar with the new rules and that accounting software correctly deals with reverse charge invoices

To find out more about how to plan for these changes please contact Knights Lowe on 01284 701300