

# Your VAT Compliance Checklist.

A practical guide to staying fully compliant  
with HMRC's VAT rules.





## Getting VAT right from day one saves money, prevents penalties, and keeps HMRC off your back.

VAT compliance is less about the quarterly deadline and more about what happens in between. The records you keep, the invoices you issue, and the software you use all determine how straightforward (or stressful) that deadline turns out to be.

When the right processes are in place, filing becomes routine rather than rushed. Errors are caught early, deadlines are met without drama, and HMRC has nothing to scrutinise.

This checklist walks you through every area of VAT compliance: from registration and record keeping, to invoicing, reclaiming and submissions.

Work through each section, tick off what's already in place, and note anything that needs attention. If anything raises a question, Ellis & Co is here to help.

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## The Basics

Before diving into the day-to-day management of your accounts, every business benefits from a solid financial foundation. Getting VAT right from day one is the most effective way to save money, prevent penalties, and keep HMRC off your back.



### Confirm your registration status.

You must register if your taxable turnover has exceeded £90,000 in any rolling 12-month period, or you expect it to. Register within 30 days of crossing the threshold.



### Choose the right VAT scheme

Confirm the best fit with your accountant:

- **Standard Accounting:** Pay VAT when you invoice.
- **Cash Accounting:** Pay VAT only when the customer pays you (great for cash flow).
- **Flat Rate Scheme:** Pay a fixed percentage (simplifies record-keeping for small businesses).



### Check your VAT certificate.

Confirm your registration date and which VAT stagger (accounting period) applies to your business.



### Display your VAT number.

Your VAT number must appear on all invoices, commercial documents, and your website.



### Know your taxable and exempt supplies.

Not everything is standard-rated. Check whether any of your products or services are zero-rated, reduced-rated, or exempt.



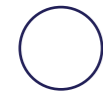
## Day-to-day Record Keeping (MTD)

By shifting from manual processes to a digital workflow, you ensure that filing becomes a routine task rather than a rushed, high-pressure event. Under Making Tax Digital (MTD) rules, the software you choose and the way you record your transactions will determine exactly how straightforward (or stressful) that deadline turns out to be.



### Use MTD-compatible software.

All VAT-registered businesses must file digitally using HMRC-approved software such as Xero, QuickBooks or Sage, including those voluntarily registered below the £90,000 threshold.



### Maintain digital links throughout your process.

MTD requires a complete digital journey from records to submission. So manual steps, including copying and pasting figures, break compliance.



### Update your records weekly.

Don't leave everything until quarter-end. Regular updates reduce errors and make reconciliation at submission time far quicker.



### Record all sales and purchases digitally.

Every transaction needs a date, amount, VAT rate, and supplier or customer details.



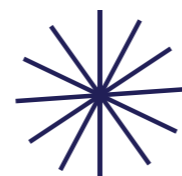
### Keep supporting documents for at least 6 years.

Retain digital copies of invoices, receipts, and bank statements. HMRC can request these at any time.



### Check bridging software if using spreadsheets.

Spreadsheets are only MTD-compliant if linked to your submission via HMRC-approved bridging software.



## Invoicing & Reclaiming VAT

Precision in your invoicing and expense management is the most effective way to ensure your VAT returns are defensible and accurate.



### Issue valid VAT invoices.

Every VAT invoice must include: your business name and address, your VAT number, a unique invoice number, the invoice date, the tax point (time of supply), the customer's name and address, a description of the goods or services, the VAT rate applied, the net amount, the VAT amount, and the gross total.



### Apply the correct VAT rate.

Standard rate (20%), reduced rate (5%), or zero rate (0%). Confirm the correct rate for each product or service you supply.



### Review your expenses.

Are you only reclaiming VAT on "Allowable" expenses?

- Check: Fuel (ensure you have receipts), business travel, and equipment.
- Avoid: Client entertaining or personal purchases. These are common red flags.
- Mixed-use items (e.g. a mobile phone used personally and professionally) require an apportionment.



### Verify supplier VAT numbers on significant purchases.

For high-value transactions, confirm the supplier's VAT number is valid before reclaiming the VAT.



### Check import VAT if purchasing from overseas.

If you import goods into the UK, import VAT may apply. Postponed VAT Accounting (PVA) allows this to be accounted for on your VAT return rather than paid at the border.



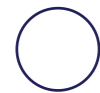
#### REMINDER

Always ask for a "VAT Receipt" at petrol stations or retailers. A standard credit card slip is not sufficient for a VAT reclaim!



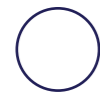
## Deadlines & Submissions

The final step in your VAT journey is ensuring that your return and payment reach HMRC on time and with total accuracy. When your processes are robust, filing becomes a routine administrative task rather than a high-pressure deadline.



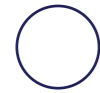
### Know your filing deadline.

Return and payment are both due 1 month and 7 days after your VAT period ends — treated as separate obligations by HMRC.



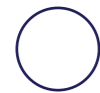
### Reconcile before you submit.

Check bank statements against your software before filing. Don't submit figures you haven't verified.



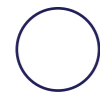
### Submit on time.

Late submissions earn penalty points. Quarterly filers hit the £200 fine threshold at 4 points.



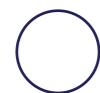
### Ensure payment clears by the deadline.

BACS and Faster Payments must clear by the due date. Direct Debit users: your return must still be filed by the 7th, as HMRC collects funds approximately three working days later.



### Plan ahead for larger quarters.

Set aside VAT funds monthly to avoid cash flow pressure at payment time.



### Can't pay in full?

Contact HMRC before the deadline to discuss a Time to Pay arrangement, not after!



#### REMINDER

If the 7th falls on a weekend or bank holiday, your deadline moves to the last working day before it, not after. Which is why we recommend building this into your calendar!



## Leave the VAT Admin to us



Outsourcing your VAT compliance to a firm that does this every day is simply the safest, most time-efficient choice you can make. You eliminate the risk of missed deadlines, costly errors, and non-compliant processes — while freeing yourself to focus on what actually grows your business.

Whether you need a one-off review or ongoing support, Ellis & Co provides a complete VAT management service so nothing slips through the cracks.

Trusted by more than 1,000 businesses across Chester, Warrington and Wrexham, here's what working with us looks like:

- Accurate returns filed every quarter, on time, without you having to chase anything.
- Full MTD compliance managed for you. Software setup, digital records, and submission-ready accounts.
- Proactive advice on your VAT position, including scheme suitability and cash flow planning.
- A dedicated point of contact who knows your business and is available when you need them.

Contact us today for a consultation and let us help you achieve complete peace of mind.

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