

## VAT Tax Points

The tax point is the time when a supply of goods or services is treated as having taken place.

This is different from the way VAT is treated with the cash accounting scheme [Cash Accounting](#).

The business must account for VAT in the period in which the tax point occurs at the rate in force at the time.

There are 2 different tax points the basic and actual.

The rules that apply for the basic tax point are: -

- If the business supplies goods, then the basic tax point is usually (does not apply to Retail Scheme) the date the goods were sent or collected by the customer.
- If the goods have been assembled on site for the customer, (i.e. the finished goods have not been delivered) the basic tax point is the date the goods were made available.
- When services have been supplied, the basic tax point is the date the service was performed (excluding the raising of the invoice).

The actual tax point will over ride the basic tax point when the business supplies goods or services and an invoice is issued up to 14 days after the basic tax point. The actual tax point is the date of issue of the invoice. For this to apply the invoice must be sent, and not just raised.

The actual tax point does not have to be applied, and permission to use it must be made by writing to the local VAT office.

Details of where the local contact office is can be found at: -

<http://www.hmrc.gov.uk/menus/contactus.shtml>