

Invoicing requirements
Enviroengineering Ltd (19756)

Summary

The Tribunal has rejected HMRC's refusal to accept invoices, holding that the description on the invoices was sufficient to meet the regulatory requirements.

Background

The Taxpayer ran a small engineering business. The dispute centred on invoices described as "for secretarial and administration services". HMRC rejected input tax claims on these invoices. HMRC's concerns may have arisen because the supplies to which the rejected input tax claims related were made by a company controlled by a director of the Taxpayer. HMRC was investigating other businesses with which that director was involved and the same investigating officers rejected the invoices and raised the assessments. The Taxpayer appealed.

HMRC based its refusal to accept the invoices on the grounds that the invoices did not meet the requirements of regulations 13 and 14 of the VAT (General) Regulations 1995 and, in particular, that the description was insufficient to identify the goods or services supplied.

Held

The Tribunal found that the description was sufficiently clear and unambiguous to enable the Taxpayer as recipient of the supply to identify the subject matter if it decided to query the invoice submitted. The Tribunal did not accept that the invoices breached regulation 14. In respect of the rejected invoices the Tribunal allowed the appeal. In respect of additional matters, HMRC had adjusted input tax claimed in one return as the quantum claimed exceeded the input tax in the Taxpayer's records and in respect of one other quarter where the Taxpayer was unable to produce a relevant invoice. In respect of these two matters the appeal was dismissed. Finally, the Tribunal also confirmed adjustments raised on the basis of tax points for the removal of goods.

Implications

All businesses should ensure that a sufficient description is provided on VAT invoices to enable the subject matter of the supply to be identified.

This case involved supplies between companies with a common director. Where supplies are made between connected companies it may be prudent to ensure that all necessary steps are taken to properly record and evidence inter-company transactions.