

Changes to UK invoicing requirements

The proposed changes to the UK rules on VAT invoices to apply from 1 August 2007 continue to generate debate and discussion. One of the changes has however attracted less attention than the rest and that is the proposal that VAT invoices should have sequential numbers rather than just unique ones. For many businesses, which generate their invoices centrally from a single office, this may well not be a problem. However, many organisations using a global ERP system across several entities may number invoices based on a global sequence rather than apply a specific sequence to each legal entity. Therefore, there can be gaps in the numbering for each legal entity. It is not clear from the information published to date by HMRC whether such gaps will be acceptable.

In addition, where a company has more than one VAT registration number (because of liabilities in more than one country) there are likely to be additional complications in assigning sequential invoice numbers per VAT registration rather than per legal entity. Another potential twist to this is where overseas entities are registered for VAT in the UK and may be required to sequentially number invoices reported against the UK VAT registration but may not have to meet such a requirement for invoices raised in other jurisdictions. Whilst it may be possible to adapt ERP systems to meet the new requirements, generally such changes do take time and 1 August is not far away.

While many businesses (especially in the exempt finance sectors) are concerned that these invoicing changes, which the Commission has required the UK to implement, will increase red tape and the administrative burden attaching to cross border supplies, it is encouraging to see that the Joint Customs Consultative Committee is moving towards a more simplified, streamlined and harmonised approach to the administration requirements surrounding the import of goods into any country within the EU.