

Is Flat Rate Scheme for Me?

If you are a business providing labour and not doing much buying much then Flat rate is definitely for you. Flat Rate Scheme allows small business to pay VAT at reduced Rate.

For Example Dean is a small IT Consultant and works through his limited company. He has billed £100K and charged VAT of £17.5K on billing. If he is not Flat rate registered he will be required to pay all the VAT collected back to government. If Dean decides to get VAT registered then he will pay @13% rather than 17.5%. 13% rate will be applied on total collection of £117.5K. This means Dean will now pay £15.25K which means saving of £2.25K. If this is first year of Dean's trading then he will pay special reduced rate of 12%, which is £14.1K, and a saving of £3.4K.

Is this not smart way to beat taxman? The only catch is you cannot reclaim VAT you have paid on your purchases. On average a single man company like Dean will pay a VAT of up to £250 which can be claimed back per year which in comparison is nothing to the amount of saving.

Check with your accountant today whether this is for you or not. Don't miss this excellent opportunity of saving taxes. Act Now!

