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BARONS COURT
LONDON
W14 9HU

www.gov.uk

Date: 11 November 2016

VAT Registration Number:
733 4569 23

Period ref:
09 16

How to manage your VAT and avoid a surcharge

Your payment of the VAT due for the period 1 July 2016 to 30 September 2016 was not sent in on time.

By law you **must** submit your VAT return and make sure that payment of the VAT due has cleared to HMRC's bank account by the due date.

If you fail to do this, you will be in default and you may have to pay a surcharge. A surcharge is an additional amount you may have to pay if you do not pay the VAT due on time.

For more information see '**About Surcharges**' overleaf.

How to avoid a surcharge

Make sure you submit your VAT return on time

If you are not sure when it is due, please check your VAT return, the due date will be shown on it. For information about how to complete and submit your return go to www.gov.uk and search for '**VAT return**'.

Sign up for an email to remind you when your returns are due

- Log in to HMRC Online Services
- Select 'Your Account' from the Main menu
- Select 'Update personal details' from the 'Your contact details section'.

Make sure you pay your VAT on time

Please remember that your payment will be counted as received when it clears to HMRC's bank account.

If you submit your VAT return online then you must make payment electronically. The easiest way to avoid missing a payment deadline is to pay by Direct Debit, find out how at www.gov.uk and search for '**pay VAT**'.

Paying your VAT

If you are having problems with your cashflow, and will find it difficult to pay the VAT due on your next return, please contact the Business Payment Support Service before the **due date**. For more information please go to www.gov.uk and search for '**can't pay tax on time**'.

Managing your VAT

We appreciate that accounting for and paying VAT at the right time can sometimes be difficult. HMRC has a number of VAT accounting schemes that may help you manage your cash flow. For more information see '**VAT Accounting Schemes**' overleaf.

What to do if you disagree with this default

If you disagree with this default please write to us giving your reasons why. Write to:

HM Revenue and Customs
Department 200 VAT S0483
(LC DS Appeals)
NEWCASTLE
NE98 1ZZ

About surcharges

- If you don't submit your return and make sure that payment of the VAT due has cleared to HMRC's bank account by the due date you will be in default. Each time you default, we will send you a Surcharge Liability Notice.
- The notice will explain what will happen if you default again in the following 12 months. This is your **Surcharge Period**.
- If you default during the surcharge period you may also have to pay a surcharge which is a percentage of the VAT unpaid at due date.
- For the first late payment during a surcharge period the surcharge will be 2%, increasing to 5%, 10% and 15%. There is a minimum surcharge of £30 for surcharges calculated at the 10% and 15% rates. We do not issue a surcharge at the 2% and 5% rates if we calculate it to be less than £400.

Paying HMRC

Allow enough time for payment to clear to HMRC's bank account by the due date.

Pay by Direct Debit

You can pay your VAT by Direct Debit if you use the VAT Online service. HMRC will only debit the amount shown in box 5 of your return.

Once the Direct Debit Instruction is set up it will automatically collect the VAT shown as due on your future online VAT returns. Payment will be collected on the third bank working day after the due date shown on your online VAT return.

You can also pay by online/telephone banking (Faster Payments), CHAPS, Bacs, debit/credit card.

You'll need to tell your bank your VAT Registration Number (no gaps) and HMRC's bank account details:

- Bank: Barclays
- Sort code: 08 32 00
- Account number: 11963155
- Account name: HMRC VAT

Always include your **VAT Registration Number** in the first part of the payment reference section of your payment instruction.

Need more information?

Go to www.gov.uk and search for '**VAT notice 700/50 Default Surcharge**'.

Think ahead

- If the person who normally does your VAT return is absent, make alternative arrangements.
- If you can't pay the full amount on time pay as much as you can. By paying as much as you can by the due date, you will reduce the size of any surcharge. It may even prevent you getting a surcharge altogether.

VAT Accounting Schemes

HMRC has a number of schemes to help you account for and pay your VAT on time. To find out if you qualify for a scheme go to www.gov.uk and search for '**VAT schemes**'.

No longer trading?

For information about how to cancel your registration, please go to www.gov.uk and search for '**cancel registration**'.

Problems paying your VAT?

If you can't pay the full amount of VAT due on time Contact the Business Payment Support Service **before** the due date for payment.

For more information go to www.gov.uk and search for '**can't pay tax on time**'.

Paper VAT returns

If, exceptionally, HMRC has advised that you may use a paper return you should pay your VAT electronically.

If you pay by cheque the payment is treated as received when funds have cleared to HMRC's bank account – not the day the cheque is received in a HMRC office.

Full details about paying your VAT go to www.gov.uk and search for '**pay VAT**'. or you can phone the helpline on 0300 200 3700.