

# VAT IN BUSINESSES

Chris Allen

SECOND EDITION



# VAT IN BUSINESS

**Second Edition**

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*Head of VAT Consultancy at Grant Thornton*



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## **VAT IN BUSINESS**

# Preface to the Second Edition

VAT has existed in the UK since 1973. It also exists in all other EEC countries and, increasingly, in other major industrial states. In the last few years its importance in the UK has been increasingly recognised by the businesses which must collect the tax, and the professionals who advise them.

VAT differs from the other main taxes in its underlying concepts, in the immediacy of its effects, and in the source of its fundamental legal backing. It is not a tax which originates in the UK, but arises from Britain's membership of the European Community. As such, it is governed ultimately by European Community law.

The purpose of this book is to provide people in the business world (and professional advisers who do not specialise in VAT) with a general understanding of the tax, so that they can be aware of its implications in the context of their businesses and build it into their decision making processes.

It is not intended to be a comprehensive work of reference – the rate of change in VAT is so swift, particularly at the time of writing, that this is best left to loose-leaf works. It is hoped, however, that the reader will gain sufficient understanding of the structure of the tax from this book to make best use of such works, or of professional advisers, when necessary.

Perhaps the most important aspect of VAT, which is not immediately obvious, is that it has the effect of including HM Customs and Excise as a silent (but interested) party in each business transaction. The executive who is too busy to read the whole book should at least read, and remember, ¶260. All VAT practitioners have met people who would have recouped the cost of a book, many times over, by doing that.

*Chris Allen*  
August 1992

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