

## VAT RECEIPTS FOR BUSINESS MILEAGE

All mileage claims must be accompanied by a valid VAT receipt for the purchase of fuel and applies to all employees. The receipt for fuel is to comply with the Valued Added Tax (Input Tax) (Road Fuel Purchased by Employees) (Order) 2005.

### **RULES FOR THE RECOVERY OF VAT**

HM Revenues & Customs (HMRC) require all organisations including Local Authorities to attach relevant VAT receipts to all claims for mileage. A valid VAT receipt must show the following:

- > The name, address and VAT registration number of the supplier
- > The date of the supply
- > A description of the purchase
- > The total amount of the purchase including VAT, and
- > The rate of VAT applied

With effect from 1<sup>st</sup> April 2012 the rate of VAT has increased in line with HMRC Advisory Fuel Rates and the VAT reclaim on business mileage is 2.50 pence.

### **Example of a VAT Receipt**

TESCO		
CUPAR PFS 0845 6779200		
DO YOU NEED TO KEEP THIS RECEIPT? Not with a VAT compliant fuelGenie card, also save money using supermarket fuels! www.fuelgenie.co.uk - 0845 371 2490		
PUMP # 3 DIESEL	[CU]	
15.16 litre	131.9 P/L	£20.00 C
<b>TOTAL</b>		<b>£20.00</b>
VISA DEBIT SALE		£20.00
CHANGE DUE		£0.00
VAT RECEIPT SUMMARY		
Rate	NET	VAT
C 20% VAT	£16.67	£3.33
VAT NO: 220430231		
CLUBCARD STATEMENT		
CLUBCARD NUMBER		
POINTS THIS VISIT		20
TOTAL UP TO 11/02/11		153
TOTAL INCLUDES :		
GREEN CLUBCARD POINTS		0
12/02/11 14:57 3763 081 1018 8727		

### **RESPONSIBILITY OF MANAGERS**

The responsibility of Managers and authorised signatories is to check for the completeness of the claims, their accuracy and that the expenditure incurred, is reasonable and in line with policy. This will additionally include the provision of a valid VAT receipt.

## **RESPONSIBILITY OF EMPLOYEES**

The responsibility of the employee is to provide valid VAT receipts in support of all travel claimed. The following guide should be used:

- The provision of receipts affect all Council mileage schemes
- The date on the VAT receipt must reasonably pre-date, or be the date of the journey up to a maximum of two months
- The fuel claimed on the VAT receipt must be equal or greater than the number of business miles being claimed (2.50p per mile x number of business miles being claimed)

Example – Total mileage claimed for the month = 412 miles

Total VAT on all receipts submitted must be equal or greater than £9.60 (412 miles x 2.50p)

### **General Information**

The figure 2.50p relates to the VAT element for fuel. This rate is determined by HMRC (Her Majesty's Revenue & Customs) and provided to the SJNC who then in turn issue it along with the national business mileage rates for Local Government employees.

The variety of rates reflect the estimated average expenditure an employee will incur in a variety of circumstances which include the cost of fuel, but there are many other fixed and running costs factored into the rates used by local authorities such as insurance, MOT, servicing, breakdown cover etc.

Where an employee has one valid receipt that may apply to more than one monthly travel claim form, then the following procedure needs to be applied:

- 1) The employee attaches the valid VAT receipt to the first travel claim form which claims that fuel.
- 2) On all subsequent claim forms, the employee marks clearly that the fuel used for the business travel is contained on the receipt supplied on the first claim.
- 3) To determine when that fuel has been used, assuming that the employee only ever uses the car for business purposes, HMRC define the need for VAT receipts to correspond between the value of the VAT on the receipt and the number of business miles claimed multiplied by the rate allowed (2.50 pence per mile).
- 4) In practice, the employee will keep a "running" total of this mileage and the authorised signatory will need to verify this before authorising the mileage.

Employees should be aware that failure to attach valid VAT receipts to their travel claim in line with this directive will result in non-payment of all mileage claimed. The date on the VAT receipt must reasonably pre-date, or be the date of the journey up to a maximum of two months.