HMRC - VATSC24000 - Disposal Of Assets And Application To Non-Business Use When Output Tax Is Due

The following table summarises when output tax will be due:

Certain computers, land and buildings acquired as assets of the business may be subject to the capital goods scheme. Please see Notice 706/2 Capital goods scheme for details of disposals of such capital items.

Business/non-business use: Lennartz ruling

Following the ECJ ruling in Lennartz v Finanzamt München 3 (case C97/90), you may find that a trader has reclaimed all the input tax incurred on the purchase of an asset which is to be used for both business and non business purposes. The ECJ ruling questioned the way the private use of business assets is dealt with for VAT purposes. A business which acquires assets partly for its business, and partly for other purposes, can deduct all the VAT incurred on the purchase as input tax, but must account for output tax each accounting period on any non-business use. Traders may nevertheless continue to use apportionment as provided under the VAT Act 1994, Section 24(5). The ruling does not apply to cars, items used for business entertainment or goods where business use is exempt. For further information on the application of the Lennartz ruling please see V1-13 Input Tax.

Previous page