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HMRC internal manual

# Complaints and Remedy Guidance

From: **HM Revenue & Customs**  
**(/government/organisations/hm-revenue-customs)**

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## CRG5400 - Financial redress: Fees and VAT

Many costs that we reimburse to customers carry VAT, which should be dealt with as follows:

- if the customer is a VAT trader and the VAT will be accounted for in the VAT return as input tax, reimburse the net amount only (but see next bullet point)
- if the customer operates the flat rate scheme they will not be able to claim the VAT as input tax, so reimburse the gross amount, including VAT
- if the costs we are paying are not related to the customer's trade, or if the customer is not a VAT trader, reimburse the gross amount.

Paying agents direct - where, exceptionally, you decide to pay an agent or other third party direct ([CRG5275 \(https://www.gov.uk/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5275\)](https://www.gov.uk/hmrc-internal-manuals/complaints-and-remedy-guidance/crg5275)), include in the payment any VAT that has been charged. Contact CCAST in any case of doubt or difficulty.

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