Lisvane Community Council

VAT Internal Control Procedure

1. Lisvane Community Council ('the Council') reclaims VAT on goods and services bought for its non-business activities as a public authority in line with HMRC guidance, currently contained in VAT Notice 749, updated on 8 February 2016.

2. VAT is claimed on purchases where the Council has:

- placed the order
- received the supply
- received a tax invoice addressed to it and
- payed from its own funds.

3. Claimable VAT is separately identified in the quarterly reports on expenditure presented to the Council and in the final accounting statement. Invoices and other records to support claims are retained for 6 years. HMRC allows up to 3 years after expenditure is incurred in which to claim. However, the Council claims VAT annually. The claim for each financial year is submitted as early as possible in the following financial year. Claims are submitted in the format prescribed by HMRC, currently a VAT126 claim form.

4. A copy of the VAT126 form is made available to the internal auditor as part of the annual audit and presented to the June meeting of the Council following the end of the financial year to which it relates.

5. In presenting the draft budget for the following year, the Responsible Finance Officer includes an estimate of VAT to be reclaimed.