



## 1. What this form is for

When you find you have made errors on a previous VAT return you must tell Customs and Excise and can use this form to do so. However, if the total net value of the errors you have found on previous VAT returns is £2,000 or less, you can adjust your VAT account and include the value of that adjustment in your **current** VAT return. If you use this form you must not make an adjustment for the same errors on a later VAT return.

## 2. How to use this form

You should give details by VAT period (**'Period reference'**) of any underdeclarations and overdeclarations. Amounts payable to us should be rounded down to the nearest pound. Amounts payable to you should be rounded up.

Please put errors arising from input tax on separate lines from those arising from output tax. Indicate in the **'Type Ref'** box which are output tax and which are input tax errors by inserting '0' for output and '1' for input tax errors.

## 3. Do not use this form for the following

- the annual adjustment required by some retail schemes
- any adjustments required on ceasing to use a retail scheme
- the use of an approved estimation procedure
- claims for bad debt relief
- adjustments arising from credit and debit notes
- adjustments made under the capital goods scheme
- partial exemption annual adjustments
- adjustments related to exports and intra-EC supplies, as detailed in Notice 703, Section 9.

These are normal accounting adjustments and you should make them in accordance with the rules governing the relevant adjustment and show them separately in your VAT account. However, you can use this form if you made the original adjustment incorrectly or at the wrong time.

## 4. Default Interest

We will not charge interest if the total net value of the errors amounts to £2,000 or less. But we will normally charge interest if you exceed this limit and the charge represents commercial restitution. By this we mean the compensation required when we have been deprived of an amount of VAT for a period of time as a result of:

- a failure to render a VAT return and your acceptance of an assessment that is too low; or
- an underdeclaration of the amount of tax due on a VAT return where none of that tax is recoverable by a third party as if it were input tax.

If you consider that charging interest for an error would not represent commercial restitution, then you should insert "No" in the box marked "Interest" to indicate this. A decision tree to help you decide if interest is due is available in Notice 700/43 *"Default Interest"*. If you do not complete this box you may be charged interest. Remember, however, that if you insert "No" and we later find that interest is due, the amount we then charge will be greater.

## 5. How to pay

You will be sent a "Notice of Voluntary Disclosure" confirming the amount of your disclosure and any interest calculated on it. You will also get a "Statement of Account" showing the current balance (including interest) payable to Customs and Excise and details of how to make your payment.

## 6. Further advice

You can find out more about these procedures in VAT Notice 700/45 How to correct errors you find on your VAT returns which is obtainable from the National Advice Service: 0845 010 9000.

### CAUTION

Although it may benefit you in certain circumstances to wait to the end of the current accounting period before deciding if you must tell us about the errors, remember, the longer you delay the more interest you may have to pay. If there are errors which you have not disclosed and we discover them, you could incur a misdeclaration penalty. To avoid this you must disclose correctly full details of the errors before we start making enquiries.