

CHAIN

Self-employed worker
(non-VAT registered)

Subcontractor 2
(VAT registered)

Subcontractor 1
(VAT registered)

Main contractor
(VAT registered)

End User

CURRENT VAT RULES (VAT before October 2019)

Charges £100 + No VAT
Pays HMRC Nil VAT

Charges £150 + £30 VAT
Recovers Nil VAT
Pays HMRC £30 VAT

Charges £500 + £100 VAT
Recovers £30 VAT
Pays HMRC £70 VAT

Charges £1,000 + £200 VAT
Recovers £100 VAT
Pays HMRC £100 VAT

Pays £1,200 to main contractor

REVERSE CHARGE VAT

