ZAZEN TAX

VAT Registration for Hospitality

About fifty five minutes, best spent before the till is programmed. Hospitality VAT has two traps: a threshold measured on a rolling year rather than a tax year, and menu items that carry different rates depending on where and how they are sold.

Venue .... **Rolling turnover today** .... **Till system** ....

Most venues pass the threshold in their first year, which makes registration a when, not an if. The checks below get the timing right, then the rates, then the schemes, in that order, because the expensive errors compound daily through the till.

1. Do you have to register — about 10 minutes

- [ ] **Measure the rolling twelve months, every month**
  The test is any rolling twelve-month total over £90,000, not the calendar year and not the tax year. A strong Christmas can tip it mid-winter.
- [ ] **Check the forward look**
  Expect more than £90,000 in the next 30 days alone, a launch or a contract, and registration is immediate.
- [ ] **Count the right turnover**
  Zero-rated cold takeaway counts toward the threshold; tips passed through the tronc do not; rooms revenue does.

2. Registering without the drama — about 10 minutes

- [ ] **Register within 30 days of the month you exceeded**
  You are registered from the first day of the second month after. Miss it and the VAT is owed anyway, out of prices that never charged it.
- [ ] **Re-price the menu for registration day**
  A sixth of every standard-rated price becomes HMRC's. The Menu Price and GP Calculator re-prices to protect the GP, dish by dish.
- [ ] **Plan the first return's reclaim**
  Pre-registration VAT on kit is reclaimable, four years back for equipment still in use, six months for services. The fit-out invoices matter.

> THE ROLLING YEAR, IN ONE SENTENCE
> Add up the last twelve months every month end, and the first time that total passes £90,000 the clock starts: 30 days to register, VAT from the first day of the second month after.

3. Rates set up right on day one — about 15 minutes

- [ ] **Programme the till by item AND channel**
  The same sausage roll is zero to take away and standard eating in. A till that cannot split by channel misprices one of them all year.
- [ ] **Alcohol and the always-standard list checked**
  Alcohol, crisps and savoury snacks, confectionery, soft drinks, bottled water, ice cream: standard everywhere, even cold to take away.
- [ ] **Hot takeaway coded standard, with hot read legally**
  Heated to order, kept hot, heat-retentive packaging, advertised hot: any of these is hot. Fresh baking cooling naturally is not. The VAT on Food and Drink Checker settles arguments.

- [ ] **Deposits and no-shows coded to carry VAT**
  A retained no-show deposit is payment for a supply. The No-Show Cost Calculator nets this properly.
- [ ] **Vouchers set up as deferred, single-purpose or multi-purpose decided**
  Single-purpose vouchers are VATable when sold; multi-purpose when redeemed. Decide once, apply always.

4. The schemes worth a look about 10 minutes

- [ ] **Cash accounting under £1.35 million turnover**
  VAT paid when customers pay you. For a card-heavy venue the gain is small; for one with big function invoices it is real.
- [ ] **Annual accounting for the admin, not the cash**
  Nine payments and one return. Worth it only if the quarterly rhythm genuinely hurts.
- [ ] **The flat rate scheme, checked honestly**
  Catering rates look tempting until input VAT on food purchases is counted. Under £150,000 you can join; whether you should is arithmetic, not fashion.

5. The first return about 10 minutes

- [ ] **Reconcile the till's VAT split to the return**
  The return, the till summary and the ledger telling one story. The Bookkeeping Template's ex-VAT line is the bridge.
- [ ] **File and pay by the deadline, a month and seven days**
  After the quarter end, electronically. A direct debit removes the commonest late payment.
- [ ] **Diarise the rolling check to continue**
  Registration is not the end of the threshold's relevance: deregistration under £88,000 is sometimes worth considering for a shrinking venue, with advice.

Zazen Tax

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