

Please check your facilities management services contracts

We're writing to you because you may supply facilities management services.

You can claim a VAT input tax deduction when you receive utilities supplies to use in your business. But facilities management companies don't always hold contracts with service suppliers. This means they may not be the recipient of the supply for VAT purposes.

Only the company that receives and uses a supply can recover input tax, and this may not be the company that pays for it – it depends on the contracts. If you're not the firm receiving the supply, you can't claim a VAT deduction.

We want to help you get this right and give you the opportunity to correct any errors.

What you need to do by [60 days]

1. Please review the contractual arrangements for any facilities management services you provide. If you procure any services in order to make your supply of facilities management, please check you hold:
 - the contracts for these supplies
 - the appropriate invoices.
2. If you don't hold the contracts for these supplies and have paid invoices for someone else, please check if you recovered VAT as input tax on your VAT returns.
3. If you've made any mistakes you must correct them. For help with this, go to '[How to correct VAT errors and make adjustments or claims](#)'.

We charge interest on late payments. If you've paid more tax than you should, we may pay interest on any amounts we pay back to you.

4. Please write to or email your Customer Compliance Manager (CCM) by [60 days] to say what you found, even if there are no errors in the input tax you have recovered. If you've made any mistakes, please tell them what you're doing to put things right.

VAT input tax

Please remember these important points:

- Only the person or entity receiving a supply can recover input tax, subject to the normal rules.
- The recipient of the supply might not be the person who paid for it.
- The supply's contractual relationships usually determine who the recipient is.

You can find more information about claiming back input tax in our VAT Input Tax manual on GOV.UK:

[VIT12100 - VAT Input Tax basics: the basic right to deduct principles](#)

[VIT11500 - VAT Input Tax basics: UK law](#)

[VIT31000 - How to treat input tax: acceptable evidence for claiming input tax](#)

Penalties

If your VAT return is inaccurate, we may charge you a penalty. For more information about inaccuracy penalties, go to GOV.UK and search 'CC/FS7a'.

We can reduce the amount of any penalty we charge you if you help us when you make a disclosure.