



TAXbite: MTD – margin schemes

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MTD and the margin schemes

- The underlying VAT rules are NOT changing
- Margin schemes will continue and are unaffected by MTD
- Margin scheme users must maintain a **digital** record of **each** supply made
- Margin scheme users must maintain a **digital** record of **each** supply received
- Margin scheme stock books and any other additional records do not need to be maintained digitally
- Some software providers suggest workarounds
- No software products specifically cater for margin schemes

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What needs to be recorded digitally?

- For supplies made:
 - The time of supply
 - The value of the supply
 - The rate of VAT charged
- For supplies received:
 - The time of supply
 - The value of the supply
 - The amount of input VAT to be reclaimed

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Stock book must record

Purchase details

Stock number in numerical sequence

Date of purchase

Purchase invoice number

Purchase price

Name of seller

Description of the item

Sales details

Date of sale

Sales invoice number

Selling price, or method of disposal

Name of buyer

Margin on sale (sales price less purchase price)

VAT due (margin \times 1/6)

These records can be kept manually or on an unlinked spreadsheet

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Further support

- www.icaew.com/mtd
- www.icaew.com/taxbites
- Future webinars www.icaew.com/taxfacevents
- VAT Notices margin schemes:
 - <https://www.gov.uk/guidance/the-margin-and-global-accounting-scheme-vat-notice-718>
 - <https://www.gov.uk/guidance/the-margin-scheme-on-second-hand-cars-and-other-vehicles-vat-notice-7181>
 - <https://www.gov.uk/guidance/auctioneers-scheme-for-vat-notice-7182>
 - <https://www.gov.uk/guidance/tour-operators-margin-scheme-for-vat-notice-7095>
- HMRC guidance <https://www.gov.uk/vat-margin-schemes>

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Thank you for watching

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