



TAX SYSTEMS



AlphaVAT

Group Entity Guide

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1. Introduction

About this guide

This document guides you through how to create and manage your group entities, including:

- Add, edit, move, and delete a group entity
- Add, edit, and delete group members
- Authorise a group entity
- Prepare group member VAT Returns
- Consolidate group member VAT Returns
- Finalise and submit the consolidated group VAT Return to HMRC

Version control

This user guide was last updated as follows:

Date	Summary of changes
01/10/22	New template applied.

Technical support

We provide a technical support help desk for users requiring assistance. The help desk can be contacted by telephone between the hours of 9.00 am and 5.30 pm, Monday to Friday excluding public holidays.

If you require help or further information, please contact the support team on:		
UK	Tel: +44 (0) 1784 777 666	Email: support@taxsystems.com
Ireland	Tel: +353 (0) 1661 9976	Email: support@taxsystems.ie

Please note: We recommend that you use the **E-mail Support** option from the **Help** menu if you need to share screenshots or other attachments directly with Support.

2. What is HMRC's definition of a VAT Group

The following information has been taken from HMRC's guidance on [Group and divisional registration \(VAT Notice 7000/2\)](#), dated the 13th of September 2021.

VAT group registration

VAT grouping is a facilitation measure by which 2 or more eligible persons can be treated as a single taxable person for VAT purposes. Eligible persons are bodies corporate, individuals, partnerships and Scottish partnerships, provided that certain conditions are satisfied (see [section 2.2](#)). Bodies corporate includes companies of all types (see [section 10](#)) and limited liability partnerships.

How group registration works

A group of eligible persons may apply to be treated as a single taxable person for VAT purposes. The registration is made in the name of the representative member, who is responsible for completing and rendering the single return on behalf of the group.

Whilst the representative member is responsible for paying the VAT or receiving any repayment due, all the eligible persons are jointly and severally liable for any VAT debts. Supplies between group members are normally disregarded for VAT (see [section 7](#) for details of when supplies are not disregarded).

What are the essential features of group registration?

The representative member accounts for any tax due on supplies made by the group to third parties outside the group – this is particularly helpful if your accounting is centralised

As the group is treated as a single taxable person, you do not normally account for VAT on goods or services supplied between group members. You submit a single VAT Return for the whole group

Other features of group registration

- You will need to make sure that the representative member has all the necessary information to submit a VAT Return for the group by the due date.
- All members of the group are jointly and severally liable for the tax due from the representative member.
- The partial exemption de minimis limits apply to the group as a whole and not the members individually [see Partial exemption \(VAT Notice 706\)](#).
- Partially exempt groups can adopt practical or regulatory structures within the UK without incurring additional VAT costs – for example, setting up a service company that employs all staff, and operates the procurement, finance, human resources, and other functions on behalf of all the companies in the VAT group.
- The limit for voluntary disclosures of errors on past returns also applies to the group as a whole [see paragraph 5.10](#).
- The cash accounting limits apply to the group as a whole and not to the members individually.

- The payment on account limits will apply to the group as a whole and not to the members individually [see paragraph 5.9.](#)
- The general rules on the personal use of business assets apply equally to VAT group registrations. See [VAT Guide \(VAT Notice 700/2\)](#) for further information.
- If you have group members with fixed establishments in more than one location, that make supplies to other members of the VAT group, you may need to make a calculation in connection with section 43(2A) of the VAT Act 1994 [see section 7.](#)
- If you have establishments (for example branches or head offices) overseas then you will need to be aware of the Skandia judgment and how it impacts on intra-group supplies [see section 8.](#)

Original VAT registration numbers

When a VAT group is registered, any previous VAT registration numbers that individual members may have had will be cancelled and a new number will be issued to the group as a whole. This number identifies the group as a taxable person and will remain unchanged, even if the membership is varied or the representative member is changed. This registration number must then be used by all the group members.

Similarly, if a group is disbanded, it will have the VAT registration cancelled and any members still liable to be registered, or if entitled, applying to be registered, will be re-registered and given new VAT numbers.

Being in more than one VAT group

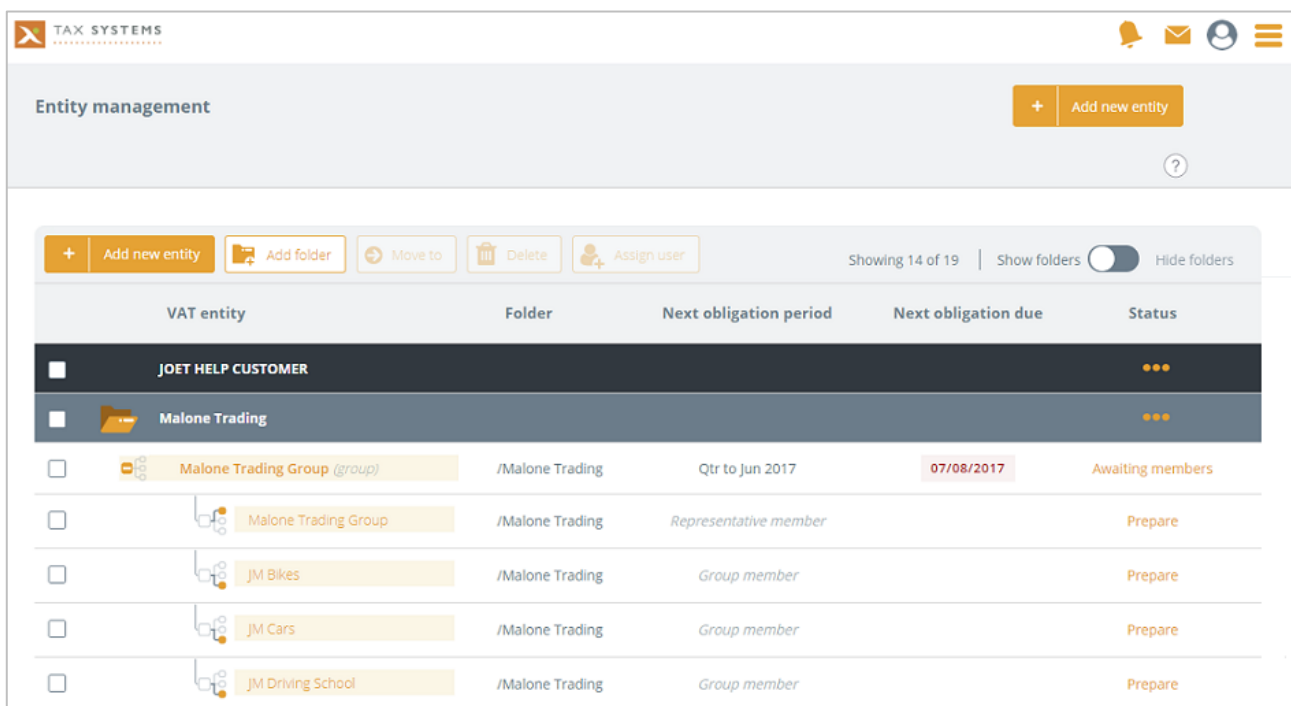
From 22 July 2004 an eligible person may only be in one VAT group at a time. If you're already in more than one VAT group, you must inform us immediately.

3. What is the group entity feature?

The group entity feature allows you to set up a group entity that includes a group representative and a number of group members. The individual VAT Returns for the group representative and each group member can then be prepared. Once completed, these can be consolidated into a single VAT Return that can be submitted to HMRC on behalf of the group.

The group representative and group members will be able to calculate and complete their VAT Returns using AlphaVAT or the AlphaBridge template or upload features.

- The group entity feature is only available to **AlphaVAT customers**.
- To create group entities, you will need to ensure that your business has acquired the necessary **AlphaVAT licences** for group representatives and members to be created.
- AlphaBridge customers will need to **upgrade** to AlphaVAT to use the group entity feature.
- It is **not possible** to use the Demo entity feature, to create a group entity.



The screenshot shows the 'Entity management' interface in the Tax Systems application. The interface includes a header with the 'TAX SYSTEMS' logo and navigation icons. Below the header, there is a section for 'Entity management' with an 'Add new entity' button. A toolbar contains actions like 'Add new entity', 'Add folder', 'Move to', 'Delete', and 'Assign user'. The main area displays a table of VAT entities and their group members.

VAT entity	Folder	Next obligation period	Next obligation due	Status
<input type="checkbox"/> JOET HELP CUSTOMER				...
<input type="checkbox"/> Malone Trading				...
<input type="checkbox"/> Malone Trading Group (group)	/Malone Trading	Qtr to Jun 2017	07/08/2017	Awaiting members
<input type="checkbox"/> Malone Trading Group	/Malone Trading	Representative member		Prepare
<input type="checkbox"/> JM Bikes	/Malone Trading	Group member		Prepare
<input type="checkbox"/> JM Cars	/Malone Trading	Group member		Prepare
<input type="checkbox"/> JM Driving School	/Malone Trading	Group member		Prepare

4. Managing group entities

To create a new group entity, you must first add the group representative and provide your authorisation for HMRC to interact with the system on behalf of your group entity. Once this has been done, you will then be able to add the group members. In accordance with [HMRC's definition of a VAT Group](#), your group entity must contain at least one group member in addition to the group representative.

As with single entities, you can edit, move, and delete your group entity. You can also edit and delete group members from a group entity. The [group entity dashboard](#) allows you to track the progress of your group members, in preparing their individual VAT Returns. These can then be consolidated into a single VAT Return that can be submitted to HMRC on behalf of the group.

Before you begin, you may wish to create a folder for your group entity. If you have user permissions to do this, you can create your folder from the Entity management screen by clicking on the **Add folder** button, typing in the **folder name** and selecting **Save**.

Add a new group representative entity

When creating a new group entity, you will first need to add your group representative and provide the mandatory information. Mandatory fields are marked with an asterisk (*).

Once you have created your group representative entity and authorised it, you will then be able to add your group members.

LICENCE TYPE

Licence type*

AlphaVAT - Group representative (99 available) ▾

If your entity entitlement has been reached then please call +44(0) 1784 777 700 or email enquiries@taxsystems.com to add more

ENTITY DETAILS

Items marked as * are mandatory

Entity name*

Malone Group

Entity short name

Enter a shorter name or acronym for reference

VAT registration number*

GB 669955165

Principal place of business*

London

Add to parent folder*

Documentation / Group Entities ▾

VAT group name

Malone Group

VAT year start

Select month ▾

Cancel Add entity Add and authorise entity

1. From the Entity management screen, select **Add new entity**.
2. Click on the Licence type drop down list and select **AlphaVAT – group representative**.
3. Type in the **Entity name**.
4. Type in the Entity's 9-digit **VAT Registration number**.

Care should be taken when typing in the VRN, since this cannot be changed once the entity has been created. If you make a mistake, you will need to delete the entity and create it again.

5. Select the **folder** that you would like your entity to reside in.
6. Type in the **Principal place of business** (e.g., London).
7. You may also add a short name for the entity, change the VAT group name (which defaults to your entity's name) and you can select the month that the VAT year starts. These fields are not mandatory and can be left blank.
8. You can now choose the following:
 - **Add entity:** This will add your new entity and take you back to the Entity management screen. You will then be able to authorise it later.
 - **Add and authorise entity:** This will add your entity and automatically initiate the authorisation process (see [Authorise your group representative entity](#)).
 - **Cancel:** This will cancel the creation of the group entity.

Edit a group entity

From the Entity management screen, click on your **group entity name** and the group entity dashboard will be displayed.

GROUP DETAILS

Items marked as * are mandatory

VAT group name*
Malone Group

VAT registration number*
GB 669955165

Add to parent folder*
Documentation / Group Entities

Principal place of business*
London

VAT year start
Select month

ADD GROUP MEMBERS

Group members (3)	Member type
Malone Group	Representative member

+ Add group members

Cancel Update entity

1. Click on **Edit entity**, located in the top right-hand corner of the screen and the *Edit entity* dialog will appear.
2. You can change the VAT group name, the Principal place of business and select/change the month that your group's VAT year starts. If you wish to move your entity to a different folder location, you do this by selecting the folder from the drop-down list.

You **cannot change the VAT registration number**. If this is incorrect, you will need to delete the group and create it again.

3. You can edit your group members details by clicking on the **group member's name**.

A pop-up will appear allowing you to change the group member's name and add/change their short name. Once you have made your changes click on **Save member**.

The screenshot shows a dialog box titled "Edit group member" with a close button (X) in the top right corner. The dialog contains the following fields and controls:

- VAT group name:** Malone Trading Group
- Group member*:** Malone Trading Group (text input)
- Entity short name:** Shorter name or acronym for reference (text input)
- Include in group return from:** Select (dropdown menu)

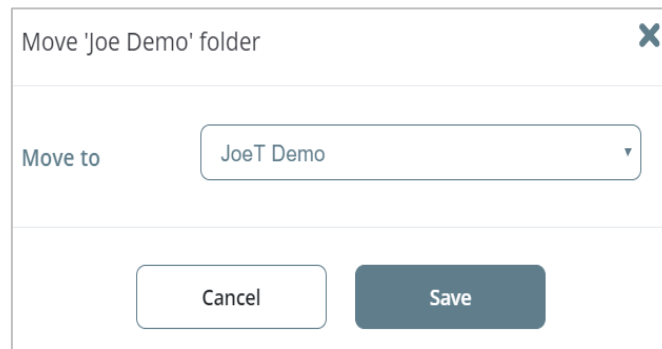
At the bottom of the dialog are two buttons: "Cancel" and "Save member".

4. You can add additional group members, by clicking on the **Add group members** button (see [Setting up group members](#)).
5. Once all your changes have been made click on **Update entity**.

Move a group entity

There are two ways to move a group entity. You can move an entity by editing the entity, selecting a different folder for the entity to reside in and saving your changes. Or you can use the Move feature on the Entity management screen, as follows:

1. From the Entity management screen, locate the group entity you want to move and check the **tick box** to the left of the group entity's name.
2. Click on the **Move to** button.
3. The *Move folder* dialog box will appear allowing you to select the folder you want to move your entity into, from the **drop-down list**. Choose your **folder**.
4. Click on **Save** to move your entity or you can **Cancel** the move request.



Move 'Joe Demo' folder

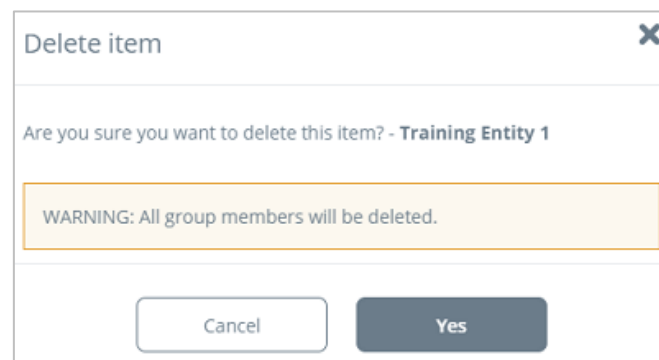
Move to JoeT Demo

Cancel Save

Delete a group entity

From the Entity management screen:

1. Locate the group entity that you want to delete and check the **tick box** to the left of the group entity's name.
2. Click on the **Delete** button.
3. The *Delete item* dialog box will appear giving you the option to delete the group entity by selecting **Yes** or you can **Cancel** the delete request.



Delete item

Are you sure you want to delete this item? - Training Entity 1

WARNING: All group members will be deleted.

Cancel Yes

IMPORTANT: When you delete a group entity, all of the group members will also be deleted.

Change the group representative member

If the groups representative member changes, you will need to delete your current group entity and create a new group with the new Representative member's details. You will then need to register your authorisation with HMRC and create the additional group members required.

For more information on changes in the group's circumstances, see HMRC's guidance on [Group and divisional registration \(VAT Notice 700/2\) section 6](#).

5. Authorise your group entity

If you are in the process of adding your group representative entity, select **Add and authorise entity**. If you have previously chosen to add the entity without authorising it, click on the **group entity** from the Entity management screen and select **Authorise**.

IMPORTANT: You will not be able to add members to your group until you have authorised your group entity.

1. The authorisation wizard displays your entity name and VAT registration number. Click on **Next**.

Authorise the MTD Portal to access the business tax account

1. Verify VAT entity 2. Authorise 3. Authorisation complete

Entity name	Malone Group
VAT registration number	607434648

Cancel Next

2. Click on the **Go to HMRC** button.

Authorise the MTD Portal to access the business tax account

1. Verify VAT entity 2. Authorise 3. Authorisation complete

You will now be redirected to the HMRC website to sign in and authorise AlphaVAT to access the Business Tax Account for Malone Group, 607434648.

Cancel Go to HMRC

3. You will now be taken to the HMRC website. Click on **Continue**.
4. You will need to sign in using your **Government Gateway user ID** and **password**.
5. To authorise AlphaVAT to interact with HMRC on your behalf, click on **Grant authority**.
6. You will now be taken back to the system, where you can click **Finish** to go back to the Entity management screen or **Open entity details** to view your entity.

Authorise the MTD Portal to access the business tax account

1. Verify VAT entity 2. Authorise 3. Authorisation complete

AlphaVAT has been authorised to access the Business Tax Account for Malone Group, 607434648.
You can now use AlphaVAT to submit VAT returns. Additionally you can view obligations, liabilities, payments and previously submitted MTD returns.

Finish Open entity details

6. The group entity dashboard

To view the group entity dashboard, click on your **group entity name** from the Entity management screen. The dashboard allows you to:

- View your group's VAT obligations
- View your group's Payments and liabilities
- View your group's Analytics (charts and tables)
- View your group's Entity summary
- View your group's Documents
- Authorise/Re-authorise your Entity with HMRC
- Manage your group settings
- Edit your group entity's details and add group members
- Edit your group members details
- Prepare individual member's VAT Returns
- Review the status of your group member's VAT Returns
- Preview the member's VAT returns as they are completed, in a consolidated view
- Consolidate the group member's returns into a single VAT Return that can be submitted to HMRC
- Finalise and submit the consolidated group VAT Return.
- View a summary of your submitted VAT Return
- View a breakdown of the submitted VAT Return by group members
- View your submission receipt

Malone Group (VAT group)

Re-authorise | Group settings | Edit entity

VAT Returns | Payments & liabilities | Analytics | Entity Summary | Documents

Qtr to Jun 2017
Due: 07/08/2017

Qtr to Mar 2017
Submitted

VAT Return for Qtr to Jun 2017

Your group VAT Return is currently awaiting members to mark their individual VAT Returns as ready for consolidation. Once all member VAT Returns are ready for consolidation you can produce the consolidated group VAT Return. In the meantime [Preview consolidation](#) will show you the sum of member Returns marked as ready for consolidation to date.

Representative member Malone Group

Total Members 1

Ready for consolidation 0

Awaiting 1

[Preview consolidation](#)

MEMBERS SUMMARY

Name	Status	Member type	VAT repayment	VAT liability	Method
Malone Group	Prepare	Representative member			

7. Setting up group members

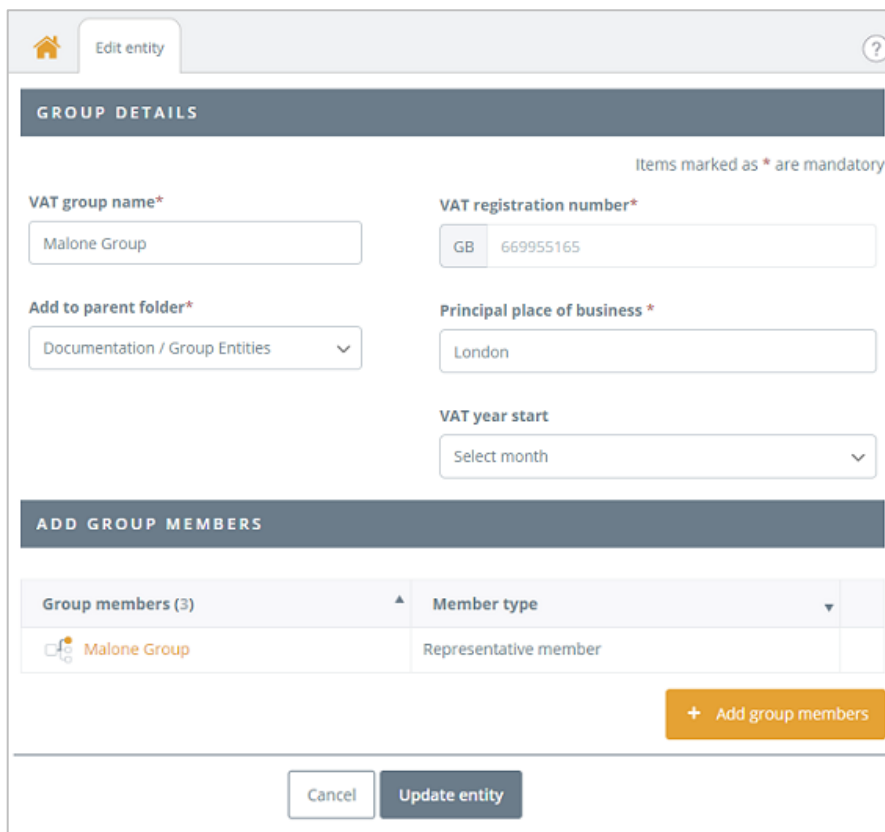
Once you have created your VAT group with your group representative. You will need to add the additional group members. New group members can be added at any time and you can delete group members if they are no longer part of the VAT group.

Note: *In accordance with HMRC's guidance on [Group and divisional registration \(VAT Notice 7000/2\)](#), you **must create at least one group member** in addition to the group representative.*

Add a group member

From the Entity management screen, click on your **group entity name** and the group entity dashboard will be displayed.

1. Click on **Edit entity**, located in the top right-hand corner of the screen.

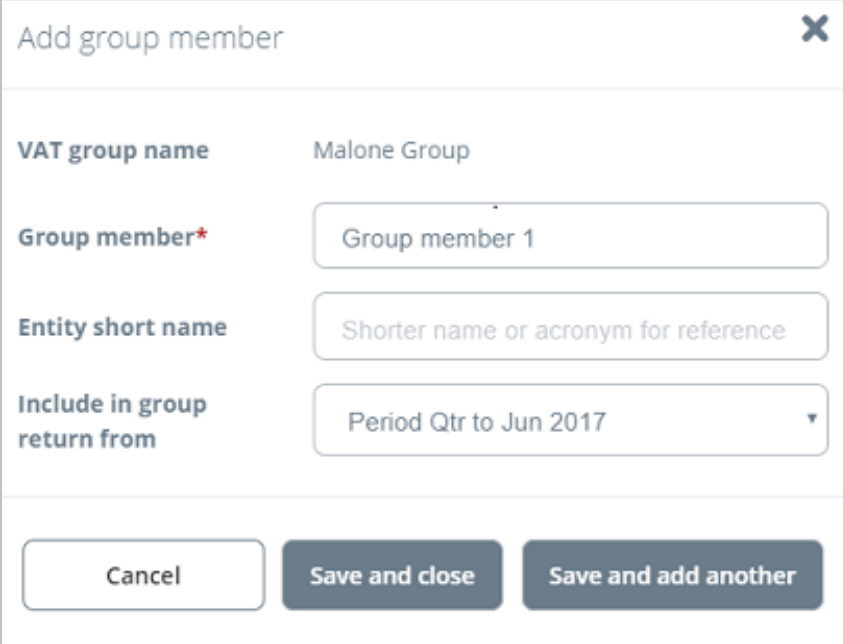


The screenshot shows the 'Edit entity' form. At the top, there is a header with a home icon, 'Edit entity', and a help icon. Below this is a dark blue bar with the text 'GROUP DETAILS'. To the right of this bar, it says 'Items marked as * are mandatory'. The form contains several fields: 'VAT group name*' with the value 'Malone Group', 'VAT registration number*' with 'GB' and '669955165', 'Add to parent folder*' with a dropdown menu showing 'Documentation / Group Entities', 'Principal place of business*' with 'London', and 'VAT year start' with a dropdown menu showing 'Select month'. Below these fields is another dark blue bar with the text 'ADD GROUP MEMBERS'. Underneath is a table with two columns: 'Group members (3)' and 'Member type'. The table has one row with 'Malone Group' and 'Representative member'. At the bottom right of the table area is an orange button with a plus sign and the text '+ Add group members'. At the very bottom of the form are two buttons: 'Cancel' and 'Update entity'.

Group members (3)	Member type
Malone Group	Representative member

2. Click on the **Add group members** button (located in the bottom right-hand corner).

3. A pop up will appear confirming the VAT group name. Type in the **group member's name** (mandatory).



The screenshot shows a pop-up window titled "Add group member" with a close button (X) in the top right corner. The form contains the following fields and controls:

- VAT group name:** Malone Group
- Group member*:** Group member 1
- Entity short name:** Shorter name or acronym for reference
- Include in group return from:** Period Qtr to Jun 2017 (with a dropdown arrow)

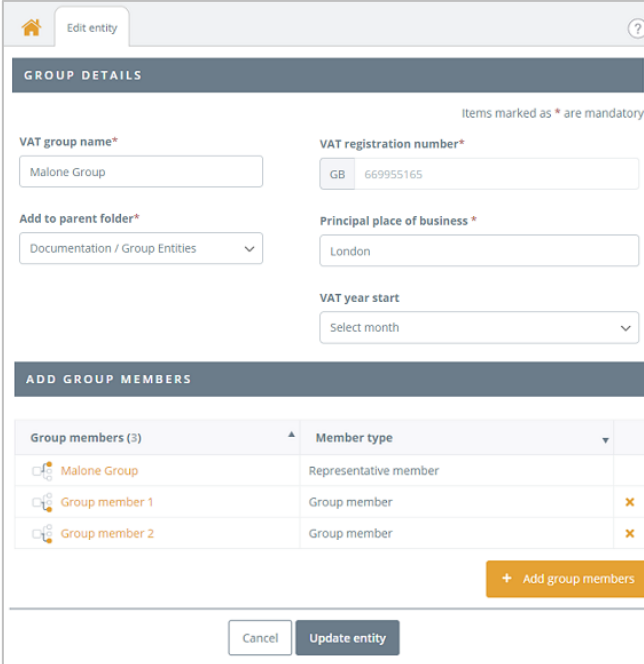
At the bottom of the form, there are three buttons: "Cancel", "Save and close", and "Save and add another".

4. You can add a **short name** for the group member, and you can select the obligation period that you would like the group member's VAT Return to be included in, from the **drop-down list**.
5. You can now select either **Save and close** or if you wish to add another group member you can choose **Save and add another**.
6. Once you have finished adding your group members, the pop up will close and you will be taken back to the Edit entity screen. Click on **Update entity**. This will take you back to the Entity management screen.

Edit a group member

From the Entity management screen, click on your **group entity name** and the group entity dashboard will be displayed.

1. Click on **Edit entity**, located in the top right-hand corner of the screen.
2. Under the Add group members section, click on the **group member** you would like to edit.

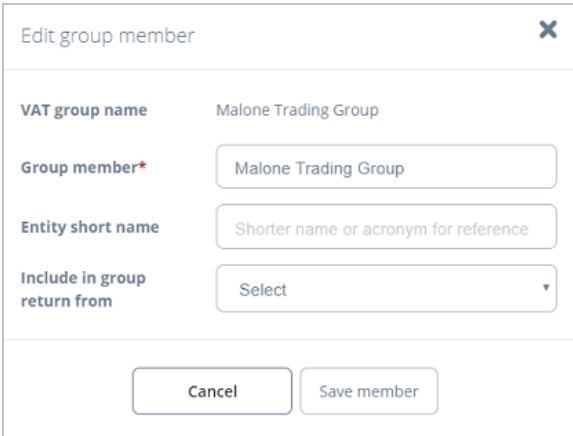


The screenshot shows the 'Edit entity' interface. At the top, there's a header 'Edit entity' with a home icon and a help icon. Below is a 'GROUP DETAILS' section with a note 'Items marked as * are mandatory'. Fields include: 'VAT group name*' (Malone Group), 'VAT registration number*' (GB 669955165), 'Add to parent folder*' (Documentation / Group Entities), 'Principal place of business*' (London), and 'VAT year start' (Select month). Below this is an 'ADD GROUP MEMBERS' section with a table:

Group members (3)	Member type	
Malone Group	Representative member	
Group member 1	Group member	✘
Group member 2	Group member	✘

At the bottom right of the table is a '+ Add group members' button. At the bottom of the screen are 'Cancel' and 'Update entity' buttons.

3. The *Edit group member* dialog will appear allowing you to change the group member's **name**, change or add a **short name** and choose when the group member should be included in the group's VAT return from the **drop-down** list.



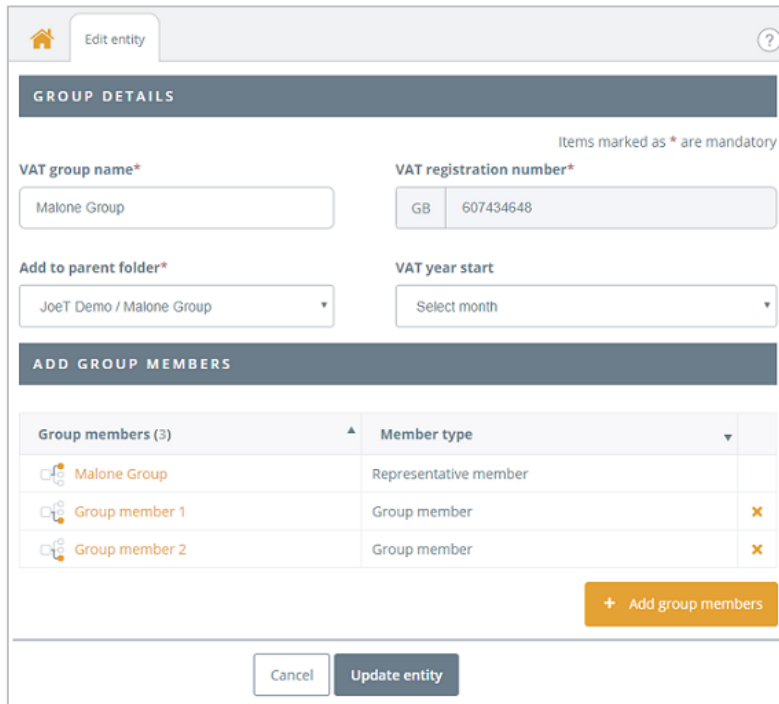
The screenshot shows the 'Edit group member' dialog box. It has a title bar 'Edit group member' with a close icon. The fields are: 'VAT group name' (Malone Trading Group), 'Group member*' (Malone Trading Group), 'Entity short name' (Shorter name or acronym for reference), and 'Include in group return from' (Select). At the bottom are 'Cancel' and 'Save member' buttons.

4. Once you have made your changes, click on **Save member**.
5. The dialog box will close, and you will be taken back to the Edit entity screen. Click on **Update entity** to apply your changes. This will take you back to the Entity management screen.

Delete a group member

From the Entity management screen, click on your **group entity name** and the group entity dashboard will be displayed.

1. Click on **Edit entity**, located in the top right-hand corner of the screen.
2. Under the Add group members section, click on the **orange X** to the right of the group member name that you would like to delete.

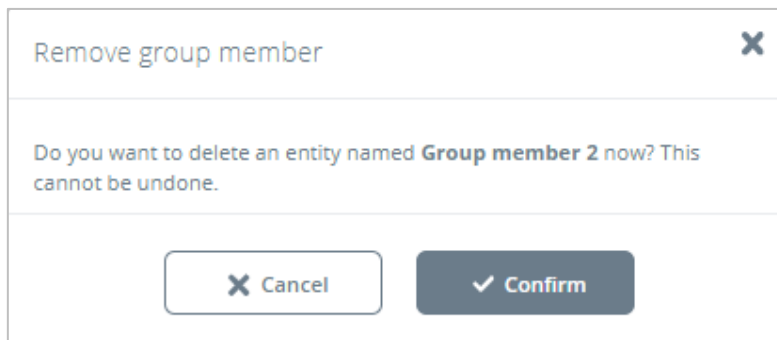


The screenshot shows the 'Edit entity' interface. At the top, there is a 'GROUP DETAILS' section with several input fields: 'VAT group name*' (Malone Group), 'VAT registration number*' (GB 607434648), 'Add to parent folder*' (JoeT Demo / Malone Group), and 'VAT year start' (Select month). Below this is an 'ADD GROUP MEMBERS' section containing a table of group members.

Group members (3)	Member type	
Malone Group	Representative member	
Group member 1	Group member	X
Group member 2	Group member	X

At the bottom of the table is a '+ Add group members' button. Below the table are 'Cancel' and 'Update entity' buttons.

3. The Remove group member dialog box will appear, giving you the option to delete the group member by selecting **Confirm** or you can **Cancel** the delete request.



The dialog box is titled 'Remove group member' and contains the text: 'Do you want to delete an entity named **Group member 2** now? This cannot be undone.' At the bottom, there are two buttons: 'Cancel' and 'Confirm'.

4. The dialog box will close, and you will be taken back to the Edit entity screen. Click on **Update entity** to apply your changes. This will take you back to the Entity management screen.

8. Managing the group settings

Once you have created your group entity using your representative member's details, you will be able to access the **group settings**, via the group entity dashboard.

1. From the Entity management screen, click on your **group entity name** and the group entity dashboard will be displayed.
2. Click on the **group settings** button.
3. The group settings dialog box will appear detailing the following options available for **Partial exemption**:
 - Calculate recovery percentage at group level?
 - Recovery percentage rounding – residual input tax exceeds \$400,000 per month on average?
 - De minimis – exempt input tax is not more than £625 per month on average, and 50% of the total input tax?

Group settings ✕

Partial exemption (if applicable)

Calculate recovery percentage at group level? Manage members

Yes No

Recovery percentage rounding - residual input tax exceeds £400,000 per month on average?

Yes No

De minimis - exempt input tax is not more than: £625 per month on average, and 50% of total input tax?

Yes No

Close Recalculate

4. Once you have made your selection, click on **Save**.

Calculate recovery percentage at group level?

The **Calculate recovery percentage at group level?** option is used to determine how the partial exemption percentage for the group is to be derived.

A group is treated as a single taxable person for the purposes of VAT therefore, the standard approach to calculate the group partial exemption percentage is to take the results of the group as a whole and apply the standard method calculation. Please see the [HMRC definition of a VAT group](#) help page for further information.

By default, this option is set to **Yes** and all members of the group are included within the group recovery calculation. You can add or remove members from the group recovery calculation via the **Manage members button** and resulting dialogue, please see the **Manage members** section below, for further explanation.

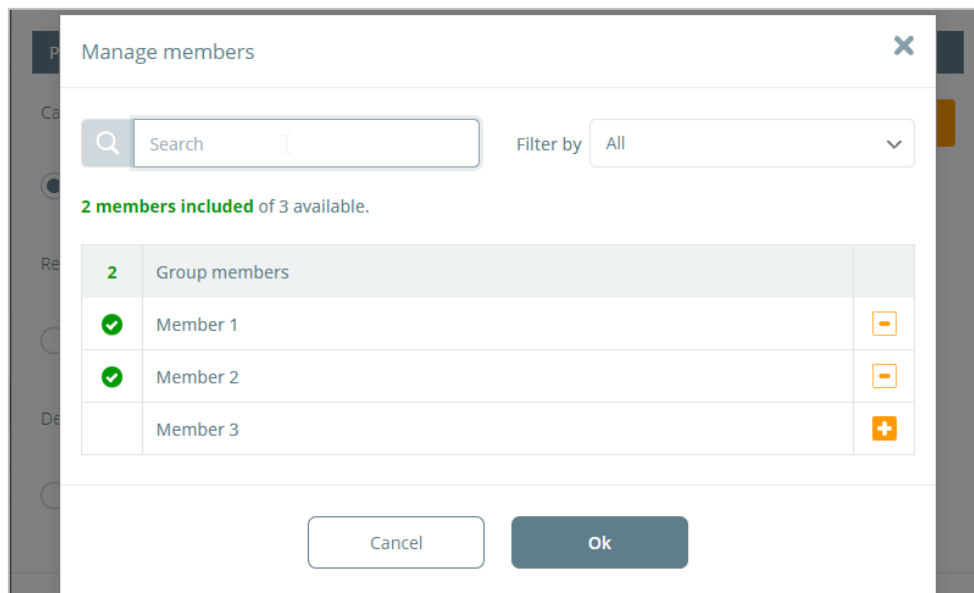
If **No** is selected, AlphaVAT will calculate a partial exemption percentage for each group member individually and the individual results will then be summed across all group members to arrive at the consolidated VAT Return for the group.

Manage members

By default, all members of the group are included within the group recovery calculation. However, it is possible to employ a hybrid approach to how the group VAT Return is calculated.

This approach can be utilised by selecting the **Manage members** option in the above group settings dialog. Note that this option is only available when the setting for **Calculate recovery percentage at group level?** is set to **Yes**.

Excluding a member will mean that their supplies will be excluded from the calculation of the group recovery percentage. In addition, the recovery percentage for excluded members will be calculated separately using their individual supplies only.



Recovery percentage rounding

The recovery percentage under the standard method is rounded in accordance with [SI 1995/2518 reg 101\(5\)](#), please see the [Partial exemption options](#) Help page for further information.

During the set-up of the VAT group, AlphaVAT cannot determine whether the £400,000 residual input tax threshold has been exceeded as the member amounts are not available, therefore this configuration option is required.

By default, this option is set to **No**, meaning that the recovery percentage will be rounded up to 2 decimal places. You can change the default by clicking on the **Yes** option, meaning the recovery percentage will instead be rounded up to 0 decimal places.

After the group has been consolidated, if this option is incorrectly set, a diagnostic will be displayed, please see the [Diagnostic report](#) help page for further information.

De minimis

Where exempt input tax is deemed as insignificant, all input tax suffered is deemed to be attributable to taxable supplies and so is fully recoverable, please see the [Partial exemption overview](#) help page for further information.

During the set-up of the VAT group, AlphaVAT cannot determine whether the de minimis thresholds have been exceeded as the member amounts are not available, therefore this configuration option is required.

By default, this option is set to **No**, meaning normal rules apply and exempt input tax will not be recoverable. You can change the default by clicking on the **Yes** option, meaning all input tax will be fully recoverable under the de minimis rule.

After the group has been consolidated, if this option is incorrectly set, a diagnostic will be displayed, please see the [Diagnostic report](#) Help page for further information.

9. Partial exemption overview

Input VAT incurred by a VAT-registered business may only be recovered where the expense can be attributed to taxable supplies. Input VAT that relates to exempt supplies is not recoverable.

Where a business makes both taxable and exempt supplies, it is referred to as being partially exempt and an apportionment calculation is required in order to determine how much input VAT may be recovered.

There are two approaches to this calculation that can be taken: the standard method and special methods. In both cases, the first stage will be to determine whether any input VAT is directly attributable to either taxable or exempt supplies in which case input VAT will be either recoverable or irrecoverable in full.

Input VAT remaining after this direct attribution is referred to as residual, and the next stage is then to determine the percentage of this residual input VAT amount that may be recovered.

As VAT groups are treated as a single taxable person trading through its representative member, it will have only one partial exemption method for the whole group.

Standard method

Under the standard method, this percentage is calculated as the value of taxable supplies over total supplies ([SI 1995/2518 reg 101](#)).

Rounding

The recovery percentages calculated under the standard method must be rounded up to the next whole number unless you incur more than £400,000 of residual input tax each month on average in which case you must round to 2 decimal places.

Note that rounding up does not apply in certain circumstances for 'foreign' and 'specified' supplies.

The de minimis rule

Where exempt input tax is deemed as insignificant, all input tax suffered is deemed to be attributable to taxable supplies and so is fully recoverable. For this treatment to apply, the total value of exempt input tax must not:

- £625 per month on average, and
- 50% of total input tax in the relevant period

Total value of exempt input tax is input tax directly attributable to exempt supplies plus the proportion of residual input tax that is attributable to exempt supplies.

A simplified test was introduced from 1 April 2010 to save certain businesses the need to carry out a full partial exemption calculation each quarter to confirm that they are de minimis. For this treatment to apply, the following conditions must be met:

- Total exempt input tax is not more than £625 per month on average, and
- Total exempt input tax is not more than 50% of total input tax

Where in a VAT period a business passes the simplified test, it can treat itself as de minimis and provisionally recover input tax relating to exempt supplies.

Businesses must still review its de minimis status at the year-end as before and account for any over or under recovery of input tax as part of its annual adjustment. Note that for group registrations, the above limit applies to the group as a whole.

Special methods

Special methods are any method of recovery that has been agreed with HMRC that is not the standard method. Refer to [VAT Notice 706](#) or HMRC manual [PE30000](#) for further details on partial exemption.

Data requirements

AlphaVAT requires details of the taxable, exempt, excluded and residual transactions in order to be able to perform the partial exemption calculation correctly.

In the case of outputs this is a matter of fact based on the nature of the transaction, for inputs however this is an allocation process based on use.

Where partial exemption is relevant, the transaction data calculation blocks referred to in the [transaction data](#) help page, are further broken out into the following:

Calculation name	Description of treatment of the supply and effect on the VAT Return
Output VAT	
Taxable	Supplies of goods and services that are taxable for the purposes of VAT, including supplies that are charged at either the reduced or zero rate.
Exempt	Supplies of goods and services that are exempt from VAT. Refer to VAT rates on different goods and services for further details on VAT-exempt categories of supplies.
Excluded	Supplies of goods and services that are to be excluded from the partial exemption standard method calculation on the basis of being distortive, irrespective of whether they are taxable or exempt. The main examples of such supplies are capital goods or incidental costs. Refer to VAT Notice 706 section 4.8 , SI 1995/2518 reg 101(3) or PE32000 for further details on supplies that should be excluded from the standard method.

Calculation name	Description of treatment of the supply and effect on the VAT Return
<i>Input VAT</i>	
Taxable	<p>Purchases of goods and services that are directly attributable to taxable supplies.</p> <p>Under SI 1995/2518 reg 101(2)(b) this is input VAT on goods and services that are used "exclusively in making taxable supplies", and under reg 101(2)(c) no input VAT that relates exclusively to exempt supplies or to carrying on any activity other than making taxable supplies should be included.</p> <p>Input VAT that is directly attributable to taxable supplies is recoverable in full.</p>
Exempt	<p>Purchases of goods and services that are directly attributable to exempt supplies. Input VAT that is directly attributable to exempt supplies is irrecoverable in full.</p>
Residual	<p>Purchases of goods and services that are not directly attributable to either taxable or exempt supplies. Input VAT is recoverable in part.</p>

10. Preparing the group member/representative VAT Returns

When you are ready to start preparing the group’s member or representative VAT Returns, click on the **group entity** name from the Entity management screen.

This will take you to the group entity dashboard. Under the **Members Summary** section, you will see the group Representative member along with all of the group members. The status column will tell you what stage each of the VAT Returns are at.

MEMBERS SUMMARY						
Name	Status	Member type	VAT repayment	VAT liability	Method	
Malone Group	Prepare	Representative member				
Group member 1	Prepare	Group member				
Group member 2	Prepare	Group member				

- To prepare a VAT Return, click on the **group member’s name** or the **Representative member’s name** (as appropriate).
- This will take you to their Entity details screen. From here you can choose to prepare the VAT Return using AlphaVAT or the AlphaBridge template or upload feature. Select the **method** you wish to use. Please refer to the following help sections for more information on preparing your VAT Returns.
 - [AlphaVAT](#)
 - [AlphaBridge](#)
- Once you have prepared your VAT Return you will be taken back to the Entity details screen where you can view a summary of your VAT Return. You will need to click on the **Mark as ready to consolidate** button, so that the group entity details are updated to say that your VAT Return is ready to be consolidated into the main group VAT Return.

Your VAT Return has now been calculated based on the data provided in AlphaVAT.

You can continue to edit and amend your calculation, or if the VAT Return calculation below is accurate then you can mark this calculation as ready for consolidation within the group VAT Return.

Mark as ready to consolidate

Calculation by Joe Taylor

Last updated 07/01/2020 16:16:13

Return method AlphaVAT (group)
[\(change method\)](#)


Edit calculation

1	VAT due in this period on sales and other outputs:	£ 168,352.31
2	VAT due in this period on acquisitions from other EC Member States:	£ 0.00
3	Total VAT due (the sum of boxes 1 and 2):	£ 168,352.31
4	VAT reclaimed in this period on purchases and other inputs (including acquisitions from the EC):	£ 22,502.14
5	Net VAT to pay to HMRC:	£ 145,850.17
6	Total value of sales and all other outputs excluding any VAT:	£ 3,214,426.00
7	Total value of purchases and all other inputs excluding any VAT:	£ 151,653.00
8	Total value of all supplies of goods and related costs, excluding any VAT, to other EC Member States:	£ 0.00
9	Total value of all acquisitions of goods and related costs, excluding any VAT, from other EC Member States:	£ 0.00

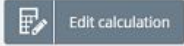
- This will display a **ready stamp**, confirming that your VAT Return for this entity is ready to be consolidated into the final group VAT Return.

Your VAT Return has been marked as ready for consolidation within the group VAT Return.

You can edit this VAT Return, reverting the ready for consolidation status, up to the point the consolidated group VAT Return is finalised. After this you will no longer be able to amend this VAT Return and you will need to speak to your VAT group representative member to make any changes.



Calculation by Joe Taylor
Last updated 07/01/2020 16:16:13
Return method AlphaVAT (group)
[\(change method\)](#)

 Edit calculation

- If you need to amend your VAT Return, you can do this by selecting the **Edit calculation** button (if you prepared your VAT Return using AlphaVAT) or by amending your AlphaBridge template and **re-uploading** it.

Amending your VAT Return using either method will override the Ready for consolidation status and you will be required to select **Mark as ready to consolidate** again.

- On the group entity dashboard, the members summary will be updated to show that the VAT Return for your group member/representative member is now ready for consolidation. This summary will also show the method used to generate the VAT Return.

MEMBERS SUMMARY						
Name	Status	Member type	VAT repayment	VAT liability	Method	
Malone Group	Prepare	Representative member				
Group member 1	Ready for consolidation	Group member		145850.17	AlphaVAT	
Group member 2	Prepare	Group member				

- This process should be completed for all the other members of the group.

11. Consolidating your group VAT Return

The Representative member will be able to view the Members Summary on the group entity dashboard to see the progress of the group member’s VAT Returns.

Once all of them have the **Ready for consolidation** status, the **Consolidate group** button will appear on the Dashboard.

To view your groups consolidated VAT Return, click on the **Preview consolidation** link (just above the Consolidate group button).

Your group VAT Return is currently awaiting members to mark their individual VAT Returns as ready for consolidation.

Once all member VAT Returns are ready for consolidation you can produce the consolidated group VAT Return. In the meantime [Preview consolidation](#) will show you the sum of member Returns marked as ready for consolidation to date.



Representative member	Malone Group
Total Members	3
Ready for consolidation	3
Awaiting	0

MEMBERS SUMMARY

Name	Status	Member type	VAT repayment	VAT liability	Method
Malone Group	Ready for consolidation	Representative member		145950.17	AlphaVAT
Group member 1	Ready for consolidation	Group member		145850.17	AlphaVAT
Group member 2	Ready for consolidation	Group member		145860.17	AlphaVAT

- To consolidate your group member VAT Returns, click on the **Consolidate group** button.
- This will display a summary of the combined VAT Return for the group.

1	VAT due in this period on sales and other outputs:	£	800.00
2	VAT due in this period on acquisitions from other EC Member States:	£	250.00
3	Total VAT due (the sum of boxes 1 and 2):	£	1,050.00
4	VAT reclaimed in this period on purchases and other inputs (including acquisitions from the EC):	£	147.00
5	Net VAT to pay to HMRC:	£	903.00
6	Total value of sales and all other outputs excluding any VAT:	£	8,000.00
7	Total value of purchases and all other inputs excluding any VAT:	£	2,000.00
8	Total value of all supplies of goods and related costs, excluding any VAT, to other EC Member States:	£	0.00
9	Total value of all acquisitions of goods and related costs, excluding any VAT, from other EC Member States:	£	0.00

- Beneath this, will be the VAT Return group Breakdown table that you can toggle on and off using the **plus or minus** icon on the right-hand side. This table displays the values for each of the 9 boxes that make up your consolidated VAT Return, by group member.

VAT RETURN GROUP BREAKDOWN									
Total	800	250	1050	147	903	8000	2000	0	0
Name	Box 1	Box 2	Box 3	Box 4	Box 5	Box 6	Box 7	Box 8	Box 9
Joe Malone Motors	200.00	100.00	300.00	50.00	250.00	2000	400	0.00	0.00
Malone Trading Group	500.00	100.00	600.00	72.00	528.00	5000	1300	0.00	0.00
John Malone Care Hir	100.00	50.00	150.00	25.00	125.00	1000	300	0.00	0.00

4. If further changes are needed for any of the individual group member VAT Returns, you can edit them by scrolling down to the **Members summary** section and clicking on the relevant **member's name**.

MEMBERS SUMMARY						
Name	Status	Member type	VAT repayment	VAT liability	Method	
Malone Trading Group	Ready for consolidation	Representative member		528.00	AlphaBridge	
Joe Malone Motors	Ready for consolidation	Group member		250.00	AlphaBridge	
John Malone Care Hir	Ready for consolidation	Group member		125.00	AlphaBridge	

This will put the member's status back into **Preparation** and once the changes have been made, the VAT Return will again need to be marked as **Ready for consolidation**.

You will then be able to consolidate your group's VAT Return and preview the VAT Return summary along with the group's breakdown table, to ensure that everything is correct.

12. Finalising the group VAT Return

Once you have consolidated your group's VAT Return, the option to **Finalise** your VAT Return appears on the group entity dashboard.

Your VAT Return has been consolidated based on the data provided by your group members.

You can continue to edit and amend your calculation, or if the VAT Return calculation below is accurate then you can mark this calculation as finalised, it will then be ready to send to HMRC.

Finalise

Representative member	Malone Group
Total Members	3
Ready for consolidation	3
Awaiting	0

1. We recommend that you review the summary details and the group's breakdown table to ensure that you are happy to proceed. Then click the **Finalise** button.
2. You will now be taken to the VAT Return submission screen, where you can again review your group's VAT Return summary and the group's breakdown table, before you submit your VAT Return.

VAT Return for Qtr to Jun 2017

Your VAT Return has been finalised, you can now submit this VAT Return to HMRC.

When you submit the information below you are making a legal declaration that it is true and complete. A false declaration can result in prosecution.

Submit to HMRC

Calculation by	Joe Taylor
Last updated	07/01/2020 16:28:21
Return method	AlphaVAT (group)

3. If further changes need to be made, select the **Undo finalise** button.
4. Once the changes have been made and marked as **Ready to consolidate**, you can then consolidate the updated group VAT Return and mark it as **Finalised**. This will take you to the submission screen.

13. Submitting the group VAT Return

Once your group's VAT Return has been finalised, you will be taken to the VAT Return submission screen.

When you have reviewed your group VAT Return and you are ready to submit it to HMRC, you will need to complete the **Legal declaration**.

The legal declaration is **required by HMRC**, so they have a record stating that the information you have provided is true and complete. It should be noted that a false declaration can result in prosecution.

1. To submit your VAT Return, you must tick the **declaration box**.

VAT Return for Qtr to Jun 2017

Your VAT Return has been finalised. you can now submit this VAT Return to HMRC.

When you submit the information below you are making a legal declaration that it is true and complete. A false declaration can result in prosecution.

Undo finalise Submit to HMRC

1	VAT due in this period on sales and other outputs:	£	505,166.93
2	VAT due in this period on acquisitions from other EC Member States:	£	0.00
3	Total VAT due (the sum of boxes 1 and 2):	£	505,166.93
4	VAT reclaimed in this period on purchases and other inputs (including acquisitions from the EC):	£	67,506.42
5	Net VAT to pay to HMRC:	£	437,660.51
6	Total value of sales and all other outputs excluding any VAT:	£	9,643,528.00
7	Total value of purchases and all other inputs excluding any VAT:	£	454,959.00
8	Total value of all supplies of goods and related costs, excluding any VAT, to other EC Member States:	£	0.00
9	Total value of all acquisitions of goods and related costs, excluding any VAT, from other EC Member States:	£	0.00

2. You will then be able to select the **Submit to HMRC** button.
3. Once your group VAT Return has been submitted, you will be presented with a receipt confirming that your submission has been successful.

Your VAT Return has been successfully submitted to HMRC

HMRC have acknowledged receipt of this VAT Return. The status will be updated from 'pending' to 'fulfilled' shortly, however this can take HMRC up to a few days. please check back in the near future.

Receipt ID: a20014b5-6099-4600-8507-1b903f780f03
Receipt timestamp: 07/01/2020 16:30:13

Print receipt

Finalised by	Joe Taylor
Submitted by	Joe Taylor
Submission	07/01/2020 16:30:13
Return method	AlphaVAT (group)
Payment	BANK
VAT liability	£ 437,660.51

Note: When you submit your VAT Return you will be given a "pending" status. This will then be updated to a "Fulfilled" status, however it can take several days for HMRC to update the status from pending to fulfilled.

14. Printing your receipt

If you would like to print the receipt, click on the **Print receipt** button displayed in your receipt box. This will launch your browser's print option panel, allowing you to print out the receipt.

Malone Group (VAT group)
 VINC: 669955165
 Group settings
 VAT Return for Qtr to Jun 2017

Your VAT Return has been successfully submitted to HMRC. HMRC have acknowledged receipt of this VAT Return. The status will be updated from 'pending' to 'fulfilled' shortly, however this can take HMRC up to a few days, please check back in the near future.

Receipt ID: d94816-bfee-4393-8260-c34f9cc212c9
 Receipt timestamp: 01/10/2020 18:11:001

Finalised by	Joe Taylor
Submitted by	Joe Taylor
Submission Method	AlphaVAT (group)
Payment	BANK
VAT liability	£ 429,714.17

Return Summary

1 VAT due in this period on sales and other outputs:	E 452,216.31
2 VAT due in this period on acquisitions from other EC Member States:	E 0.00
3 Total VAT due (the sum of boxes 1 and 2):	E 452,216.31
4 VAT reclaimed in this period on purchases and other inputs (including acquisitions from the EC):	E 22,502.14
5 Net VAT to pay to HMRC:	E 429,714.17
6 Total value of sales and all other outputs excluding any VAT:	E 3,214,426.00
7 Total value of purchases and all other inputs excluding any VAT:	E 151,653.00
8 Total value of all supplies of goods and related costs, excluding any VAT, to other EC Member States:	E 0.00
9 Total value of all acquisitions of goods and related costs, excluding any VAT, from other EC Member States:	E 0.00

VAT RETURN GROUP BREAKDOWN

Total	452216.31	0	452216.31	22502.14	429714.17	3214426	151653	0	0
Name	Box 1	Box 2	Box 3	Box 4	Box 5	Box 6	Box 7	Box 8	Box 9
Group member 1	10364.00	.00	10364.00	.00	10364.00	0.00	0.00	0.00	0.00
Group member 2	168352.31	0	168352.31	22502.14	145850.17	3214426	151653	0	0
Malone Group	273500.00	.00	273500.00	.00	273500.00	0.00	0.00	0.00	0.00

MEMBERS SUMMARY

Name	Status	Member type	VAT repayment	VAT liability	Method
Malone Group	Ready for consolidation	Representative member		273,500.00	AlphaBridge
Group member 1	Ready for consolidation	Group member		10,364.00	AlphaBridge
Group member 2	Ready for consolidation	Group member		145,850.17	AlphaVAT

Group settings

Partial exemption (if applicable)
 Yes
 No

Save this template?
Would you like to save this VAT Return set up as a template to use for future VAT Returns? This will make your next VAT Return much quicker to complete if your file and data mappings is likely to use the same preferences.

Template settings

Template name*

Enter a short description why this template is distinct from others.

Print 2 sheets of paper

Destination TCSL MultiFunction Pr ▼

Pages All ▼

Copies 1

Layout Landscape ▼

Colour Colour ▼

More settings ▼



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