



KEY POINTS

- Downloaded software is considered a “Service” by HMRC
- Software purchased from outside the UK will be considered an “Import”, and will have no VAT on the invoice you receive from Autodesk.
- You will need to make entries on your VAT Return to reflect the value of these “Imported Services” – but there is ZERO impact on the VAT payable. It will be accounted for under what is known as the “Reverse Charge” mechanism (See section 5 of this section of the HMRC website: <https://www.gov.uk/guidance/vat-place-of-supply-of-services-notice-741a>)

Detailed example

Note this example assumes a company which is 100% taxable and not partially exempt for VAT. Partially exempt businesses will need to make different adjustments.

Assume a Software Purchases of £1,000 from Autodesk Ireland. The “notional” VAT value at 20% will be £200, and this needs to be entered as both “input” and “output” VAT

VAT DUE IN THE PERIOD ON SALES AND OTHER OUTPUTS	£200
VAT DUE IN THE PERIOD ON ACQUISITIONS OF GOODS IN NORTHERN IRELAND FROM EU MEMBER STATES	
TOTAL VAT DUE	£200
VAT RECLAIMED IN THE PERIOD ON PURCHASES AND OTHER INPUTS (INCLUDING ACQUISITIONS FROM THE EU)	£200
NET VAT TO PAY TO HMRC OR RECLAIM	£0 (IE NO NET EXTRA VAT TO PAY)
TOTAL VALUE OF SALES AND ALL OTHER OUTPUTS EXCLUDING ANY VAT	£1,000 (EXTRA ENTRY, REQUIRED TO MATCH THE £200 IN BOX 1)
TOTAL VALUE OF PURCHASES AND ALL OTHER INPUTS EXCLUDING VAT	£1,000 (THIS WOULD BE A STANDARD ENTRY)
TOTAL VALUE OF ALL SUPPLIES OF GOODS AND RELATED COSTS, EXCLUDING VAT, FROM NORTHERN IRELAND TO EU MEMBER STATES (FROM JANUARY 2021)	
TOTAL VALUE OF ALL ACQUISITIONS OF GOODS AND RELATED COSTS, EXCLUDING ANY VAT, FROM EU MEMBER STATES	

**** Please note, this is intended as generalised advice, please refer to your accountants/financial advisers as appropriate, to confirm your specific VAT position ****



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