

# Managing Marginal VAT Schemes in MyBusiness

## Introduction

In the Marginal VAT Scheme VAT is only payable on the margin, not on the total amount invoiced.

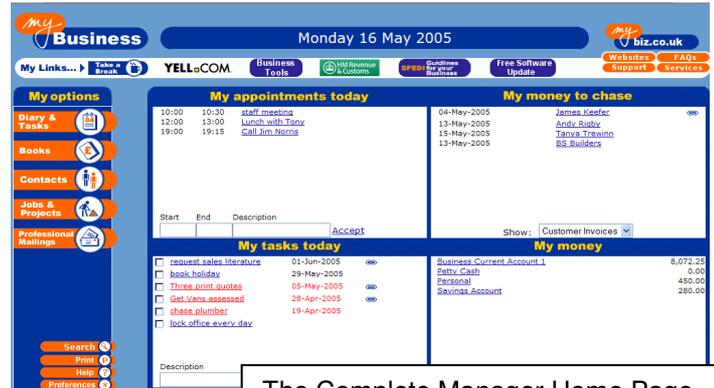
For Example – a second hand car:

Car Purchase Price: 10,000  
Car Sales Price: 11,000

Margin: 1,000

VAT is only payable on the margin amount of £1000.

Therefore VAT = £1000 x VAT rate.



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## 3 simple steps to handling Marginal VAT in MyBusiness

### 1. Set up a relevant VAT rate for your marginal VAT.

You VAT rate may not be a standard VAT rate and therefore you will need to set up a VAT rate. **If you are not sure what rate to use ask your accountant.**

Go to Books / VAT Codes / Add + (on the bottom right hand side of the screen).

### 2. Create an invoice template which does not show individual item lines.

(Alternatively, your version may have an existing invoice template called "Invoice Totals Only").

Go to Professional Mailings / Create Stationery, Books / Select the invoice template you want to amend and remove the individual item lines so only the total will show.

When you create an invoice you can create it from individual lines but when it is Previewed and Printed only the total will show.

### 3. Create your invoice

In the example above, create an invoice as follows:-

Item 1. Purchase Value: £10,000	VAT: None
Item 2. Margin: £ 1,000	VAT: Select relevant VAT Code

Select Preview to print and Select your new Invoice Template (or the existing Template "Invoice Totals Only").

