

## VAT Reverse Charge - Checklist for sub-contractors

From 1 September 2008

1. Invoices issued to **principal contractors** in respect of construction services **should not include VAT. Principal contractors are customers who have to operate the RCT scheme i.e. deduct tax @ 35% where the Principal contractor does not hold a current Relevant Payments Card.**
2. Invoices issued to **customers who are not principal contractors should include VAT as normal**
3. Principal contractor will account for the VAT on construction services directly to Revenue.
4. Invoices issued to principals
  - a. should show all details that would appear on VAT invoice except VAT rate and VAT amount.
  - b. should show "VAT on this supply to be accounted for by the principal contractor"
5. RCT will be deducted by the principal contractor (where required) on the VAT exclusive amount. The amount of RCT deducted will be reduced.
6. Subcontractors are obliged to register for VAT where the value of services exceeds the registration threshold – including turnover invoiced to principal contractors. The registration threshold for services is €37,500.

7. Subcontractors not established in the State are not required to register for VAT if they provide only construction services to principal contractors. They will need to register to qualify for repayment of Irish VAT suffered. **If they provide construction services to customers other than principal contractors, they must register for Irish VAT.**
8. Input credits are due as normal for VAT incurred in the course of business
9. A subcontractor who only works for principal contractors will be in a VAT repayment situation.
10. Direct Debits may need to be reviewed.
11. Consideration should be given to registering for Revenue On-line Service (ROS) if you are not already registered – this will speed up repayment processing.