

SAMPLE

Re: VAT - Important information for subcontractors.

Your Ref:

Dear Sir/Madam,

The operation of VAT in the construction industry is changing. The new system starts on **1 September 2008**. As a subcontractor established outside of the State you will no longer be obliged to be registered for VAT, if you provide construction services only to principal contractors. You should however remain registered if you wish to claim a refund of VAT incurred for the purposes of your business. (If you provide construction services to customers other than principal contractors you must register and account for the VAT on these services as normal.) You will need to be ready for the new system. **Please read the enclosed leaflet carefully.**

What is the new system?

From 1 September 2008 you should no longer include VAT in the amount you charge to your principal contractors. A principal contractor is anybody who is obliged to deduct RCT @ 35% from payments to you or who holds a Relevant Payments Card (RCT 47) for you. If you only provide services to principal contractors you will be in a repayment position for VAT.

Example:

For example, if you carry out services for a principal contractor for which you charge €1,000, not including VAT, **from 1 September 2008**

- You should invoice the principal for €1,000 (don't include VAT).
- The principal contractor should pay you this amount, less RCT unless the principal holds a Relevant Payments Card for you.
- The principal contractor should account for the VAT on the service.
- You can still claim a refund of any input VAT, in your VAT return.

A more detailed information leaflet is available on www.revenue.ie or you can contact this office for further information, using the contact details above.

The easiest and quickest way to file your VAT returns is to use ROS (Revenue On-Line Service). Details of ROS services, and how to register, are available at www.revenue.ie

Yours faithfully,
