



**TAXCARE
ACCOUNTANCY**

*Chartered Certified Accountants
Business & Tax Advisors*

#

Advertise

“ **15**
YEARS OF
EXPERIENCES



WEEK 32
2021

NEWSLETTER
REVERSE CHARGE & VAT ON ADVERT

REVERSE CHARGE & VAT ON GOOGLE AND FACEBOOK ADS

Reverse Charge for Google and Facebook adverts is a relatively new initiative from HMRC, which has been in place since April 2017.

Continue reading at page 2



Tax Advice That Helps Your Business Grow

© Copyright Taxcare Accountancy Ltd 2021.



Member Firm

The aim is to ensure that digital companies with a UK presence, such as Google and Facebook, pay the correct amount of VAT on their advertising. The government estimates that this initiative will raise an extra £400 million in tax revenue every year.

HOW DO THESE ADS WORK?

Google and Facebook allow you to target your ads based on the customer's location, demographics, interests, and more. For example, if you're a plumber, you can target your ads to people who live in the local area, or to people who have recently searched for plumbing-related search terms. You can use Google's AdWords Editor to create highly-targeted ads that show only to certain groups of people. For example, you could create an ad that shows only to people who live in the local area, or people who have recently searched for plumbing-related search terms.

If you set up your Google and Facebook ads correctly, you can see how well they're performing by looking at the number of clicks they generate, how many people they reach, and how much money they make. This allows you to tweak them as necessary until they're performing well.

WHAT ARE THE CHANGES?

In the UK, Google and Facebook are required to collect and pay VAT on sales to UK customers. In the past, the way this worked was that a UK-based advertiser would set up a Google or Facebook account, and would have to pay the VAT upfront. Then, when they made a sale to a UK customer, they would have to charge their customer the VAT amount.

Previously, Google and Facebook charged advertisers based on the price of the advert. This meant that VAT was included in the price. However, under the new rules, Google and Facebook will no longer charge based on the price of the advert. Instead, they will charge based on the number of adverts that are shown to users.

Become our client and remain stress free on your accounting and tax issues.

The difference now is that there will be no VAT included in the price. Therefore, the advertiser will need to pay the VAT on their own. Now, Google and Facebook have a new system in place where they can collect and pay the VAT for you. This means that you can set up your online ads as normal, and you don't have to worry about charging your customer the VAT amount. With this new system in place, you can now buy Google and Facebook ads from overseas, and still, charge your customer the correct VAT amount.

This is great news for small businesses who want to advertise online, but don't want to spend time setting up a Google or Facebook account.

WHO DOES THIS AFFECT?

The new rules apply to all businesses that advertise on Google and Facebook, including:

- ▶ Newspapers and magazines
- ▶ Letting agents and estate agents
- ▶ Online marketplaces and comparison sites
- ▶ Travel companies and holiday providers
- ▶ Service providers such as plumbers and electricians

FIND OUT MORE

If you would like to find out more about the new rules,





Get in touch at info@taxcareaccountancy.co.uk for more details.

In addition, we recommend visiting this page on the HMRC website:
<https://www.gov.uk/government/publications/vat-reverse-charge-for-digital-advertising/vat-reverse-charge-for-digital-advertising>

***Positive, Proactive and Professional
business Accountants.***

Tax Advice That Helps Your Business Grow



 103 Cranbrook Road, Ilford, Essex, IG1 4PU
 020 8478 3383  078 6022 4506  info@taxcareaccountancy.co.uk

