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A GUIDE TO **VAT** ON Uber Eats AND **REVERSE CHARGES**

Uber is able to escape VAT by making use of a gap in how tax is gathered for cross-EU company sales. This stems from the fact that it classifies its 40,000 UK drivers as independent entities, each too small to register for VAT.

Tax Advice That Helps Your Business Grow

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READ ON TO LEARN ABOUT VAT ON UBEREATS, REVERSE CHARGES AND MORE.

WHAT DOES THIS LOOPHOLE MEAN?

This loophole appears in other European nations as well, but it is most critical for Uber in the United Kingdom, where it conducts a third of its European operations. Other EU nations have enacted stricter regulations to close or decrease the gap.

Based upon the information Uber has provided about the scale of its British business, which itself is growing quickly under its growth plans, charging VAT on Uber's rates would cost the corporation roughly £1,000 per year on average for every one of its UK drivers.



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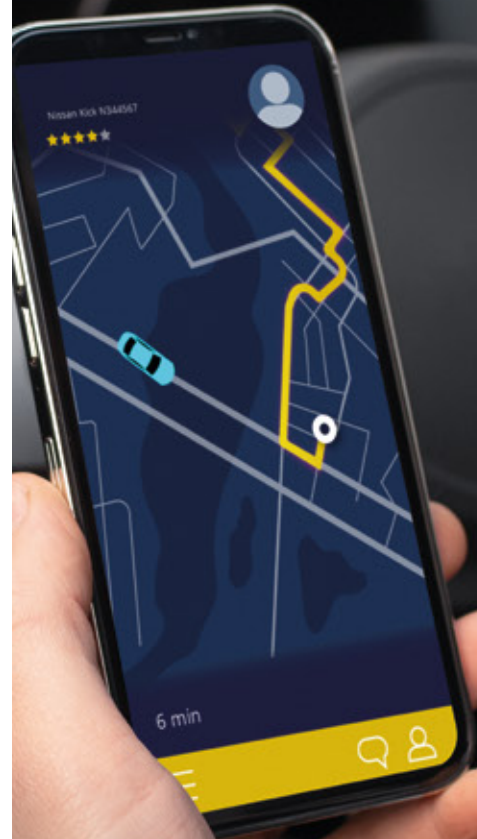


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WHAT IS VAT?

If your business generates £85,000 or more in revenue per year, you must register for VAT and charge the necessary fees to your customers. VAT is added to your total invoice value; for instance, if you bill a customer £200 a day for 10 days of service, your final invoice will be £2,400 (with VAT at 20 per cent). You could claim the VAT back on expenditures your company makes in addition to charging VAT to your customers - you only cover the difference between both the VAT you collect from your clients and the VAT you spend on purchases.

It's critical to check your business's VAT method on a regular basis; this will enable you to remain on top of VAT rate increases and ensure your tax bill is as low as reasonably achievable. Consider whether you'd be better off switching from a flat rate VAT plan to a conventional or financial accounting method, or vice versa.



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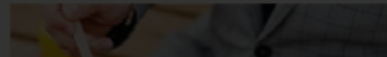
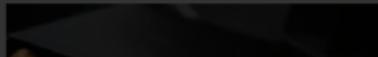
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WHAT IS A VAT ADJUSTMENT WITH UBEREATS?

Uber is VAT-registered in the Netherlands. As a VAT-registered Dutch company, Uber can classify its exports to the UK as intra-community services and hence VAT-free, as long as Uber can show that the retailer is VAT-registered. Under the 'reverse charge' system, the merchant needs to account for VAT.

The 58p VAT adjustment is due to Uber charging the client VAT on the £3.50 delivery rate. For the reasons stated above, they reimburse the VAT to the merchant. It might also be that the delivery driver is not VAT certified, making it unfair for the merchant to be required to pay the full VAT on the delivery fee.

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HOW TO PAY VAT ON UBEREATS

UberEats' delivery partners are classified as 'VAT entrepreneurs' and must have their own VAT identities. Obtaining one is simple and free.

That's because if you're self-employed and provide services independently (but for which you are rewarded), such as providing 'delivery' for restaurants linked with UberEats, you must pay VAT to the government.

You could qualify for a VAT exemption underneath the Small Business Regime, but you'll need to apply. You are no longer required to charge VAT or file VAT returns within this system.

The Uber Eats logo is displayed vertically on a white rectangular background. The word 'Uber' is in black and 'Eats' is in green. The background of the entire page is a blurred photograph of a person in a white shirt and dark shorts standing near a red car.

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WHAT IS A REVERSE CHARGE?

The reverse charge alludes to intra-community transactions in which the purchaser, instead of the supplier, records the VAT. The reverse fee applies to transactions involving VAT-registered enterprises from two separate EU nations. The seller is responsible for recording the VAT on their sales in typical intra-country transactions. The buyer assumes responsibility for the reverse charge.

WHY IS THE REVERSE CHARGE USED?

The reverse charge was implemented in the EU to make cross-border purchases easier to handle. The buyer notes both the supplier's outgoing VAT and their own incoming VAT amounts when applying the reverse charge. These practically balance each other out and could be examined by authorities, but they have a lower influence on the transaction than if the seller recorded VAT.



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Tax Guidelines for Uber Eats Delivery Partners

HOW DOES THE REVERSE CHARGE WORK?

The reverse charge enables the client to treat the transaction as if they were their own supplier. While this isn't the case, it permits the seller to execute the sale more quickly for tax reasons.

So long as the purchaser is VAT registered and has access to all VAT laws and advantages, the seller's VAT, when coupled with the buyer's VAT, will result in a VAT return that is net-zero.

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WHAT IS A REVERSE CHARGE ON UBEREATS?

By designating each driver as a separate business and invoicing drivers beyond EU borders through its Dutch company, Uber avoids having to impose British VAT on its bookings. Businesses can sell products or services beyond EU borders without having to pay VAT. Since the importing company collects VAT through its own consumers, there is often no loss of income tax.

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Uber drivers are exempt from collecting VAT since their annual sales are often less than the limit of £85,000 in the United Kingdom. Both mytaxi and Gett pay their drivers through British corporations. Due to the fact that the reverse charge isn't applicable to domestic sales, they're required to charge VAT to drivers.

A. General Questions

Proposed Insured's Name: _____
(Please use capital letters)

Birth Date: 01 January 2018

Gender: Male

Address: _____

Email Address: _____

Phone Number: _____

Social Security Number: _____

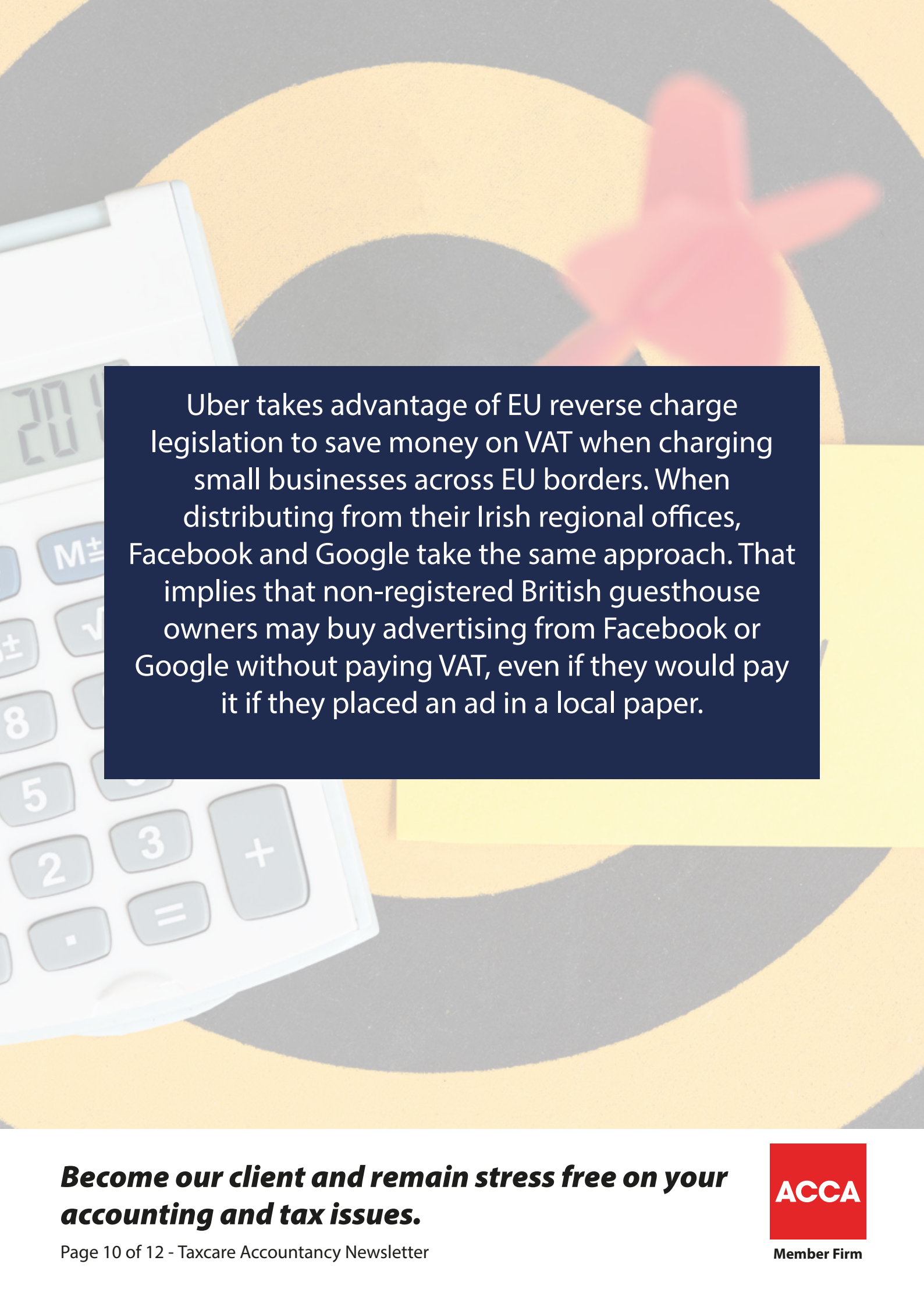
ID Number: _____

Status: Single Married Divorced Others

Are you a retiree? Yes No

Occupation: _____

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Uber takes advantage of EU reverse charge legislation to save money on VAT when charging small businesses across EU borders. When distributing from their Irish regional offices, Facebook and Google take the same approach. That implies that non-registered British guesthouse owners may buy advertising from Facebook or Google without paying VAT, even if they would pay it if they placed an ad in a local paper.

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GET HELP WITH UBEREATS & REVERSE CHARGE

For more information on how UberEats and VAT reverse charge work, please contact us.

REQUEST A CALL BACK

Contact us at info@taxcareaccountancy.co.uk
or call on **020 8478 3383** today for more details.

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