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VAT Registration: Understanding the basics of VAT threshold by [Crowin Smith](#)

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All the businesses in the UK become liable to charge VAT when it goes beyond the limit of £73000 per year. If a freelancer has registered for a VAT scheme, then they become liable to add VAT charges along with their regular fee that they take from their clients. This involves charging all the customers with VAT on every transaction made between them. This amount has to be paid along with the taxes every quarter. There are a few advantages of this tax which can be reclaimed back on the inputs of the employer. This tax allows freelancers to set a limit to the amount of tax that has to be paid by them at the end of the quarter. VAT Registration has to be used with complete understanding that they will also have added paper work along to submit at the end of each quarter. Cash accounting scheme demands all organizations to have a proper records of all their transactions that they have incurred with in a quarter and have proper accounting records for accruals. The paper work has to be prepared on quarterly bases and submitted to the customs before the end of the next month. If the registration has been done over the internet, then it can also be filed online.

Freelancers have to submit their VAT returns on time even if they are not able to pay off the whole amount in time. If they avoid paying this amount, then they can become a target for a tax audit. They have to remain consistent in paying these taxes in time because they can become a target for a tax authority if they become a persistent offender. VAT Registration is dependent on the actual turnover of the freelancer that they make per year, and it is an indirect tax that has to be paid by the employer who hires his services. They have to be filed in time so that people can reclaim refunds, and if freelancers have incurred expenses then they can also reclaim VAT by showing the proper documents. One thing a person has to realize that the size of your earnings have to be big enough to be worth reclaiming, else this tax can become more of a burden than a cure. Hence, all those people who intend to use this system for their benefit on a long term bases, have to understand the finer details and calculate the amount that they would end up saving if they use this system.

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