# To Whom It May Concern

**Re: VAT Domestic Reverse Charge**

### For our records, please provide your VAT Reg Number, Company Reg number and UTR in the table below. This is required for DRC (VAT Domestic Reverse Charge) purposes.

|  |  |  |
| --- | --- | --- |
| **Company name:** | | |
| **Vat No:** | **Co Reg:** | **UTR No:** |

**From 1st March 2021 HMRC** will be introducing a change to the way VAT is collected and administered in the construction industry.

Currently, businesses pay VAT on their purchase of materials and services and charge VAT on their supplies. The difference between VAT charged, and VAT paid, is paid to Customs and Excise on the agreed basis.

**From the 1st March, 2021** before an invoice is raised, a business will have to determine:

1. Whether the customer is VAT registered,
2. Whether the customer is registered for CIS,
3. Whether the customer is the end user of our supply
4. Whether the supply is within the scope of CIS, and
5. Whether the supply is to a building or structure the customer will use themselves.

If the customer is VAT and CIS registered, and the work is within the definition of a construction operation, and the customer will not use the building for their own occupation, the supply will be subject to the new VAT reverse charge regime (from March, 2021). The rate of VAT remains the same but no VAT will be paid by the customer / contractor, to their supplier / subcontractor.

For the majority of work, where there is a supply chain and a main contractor, businesses will have to invoice showing the correct rate of VAT. However, the invoice will not request the payment of that VAT and the customer will not be expected to pay it. The business receiving a reverse charge invoice, will not send any money to pay a VAT debt.

### Based on the above requirement, if you as a customer fall under the DRC and receive a service, could you confirm whether you are the end user or not and supply an End User Statement on company letterhead.

For more information, please see HMRC’s website:

<https://www.gov.uk/guidance/vat-domestic-reverse-charge-for-building-and-construction-services>

Thank you,