• RESOURCE GUIDE · HERMIT BUSINESS SOLUTIONS

VAT Receipts: What HMRC Will (and Won't) Let You Claim

A valid receipt isn't just paperwork - it's ***the difference between a VAT claim that sticks and one that gets kicked back.***

Why this matters

HMRC won't just take your word for a VAT claim - it wants to see the paperwork behind it. Get the receipt wrong, or claim something that's blocked outright and that VAT can be clawed back at inspection, sometimes with interest and a penalty on top. Knowing what a valid receipt looks like, and what's off-limits regardless of the receipt, heads that conversation off before it starts.

What a valid VAT receipt must show

- A unique invoice number
- The supplier's name, address and VAT registration number
- The date of supply (and the invoice date, if different)
- A description of the goods or services
- The rate of VAT charged, with the VAT amount shown separately
- The total price excluding VAT and the total including VAT
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Small purchases: the £250 simplified receipt

For anything £250 or less including VAT, a simplified receipt is enough and most till receipts already qualify. It needs the supplier's name, address and VAT number, the date, a description of what was bought, the total price including VAT and the VAT rate charged. There's no need for the VAT to be broken out in pounds and pence; HMRC lets you work it out from the total using the VAT fraction if you ever need to show it separately.

A NOTE FROM HERMIT

The most common reason a claim gets kicked back isn't a missing receipt, it's a receipt with no VAT number on it. If it's not there, HMRC can treat the purchase as VAT-free, even if you know full well VAT was charged. Worth a quick check before it goes in the folder.

What you can (and can't) claim VAT back on

A few categories are blocked by HMRC's rules regardless of how good the paperwork is.

Expense	Claim VAT?	Why
Everyday purchases (stock, supplies, professional fees)	Yes	A normal cost used for taxable business supplies
Entertaining clients or customers	No	Blocked outright, however good the receipt
Staff entertainment (the whole team, not just directors)	Yes	Input tax isn't blocked when it's genuinely for employees
Buying a car	Usually no	Blocked unless it's 100% business use only, e.g. a pool car or taxi
Fuel for business mileage	Yes, with records	Reclaim in full with a mileage log, or use HMRC's fuel scale charge

What to do next

- Ask suppliers for a full VAT invoice on anything over £250, a card slip alone won't do
- Keep till receipts for smaller purchases, they're valid as they are
- Separate client entertainment from staff entertainment before it hits the books
- Send us anything you're unsure about before the VAT return goes in