

### **Background and problem**

The company provides Hire Purchase finance for motor vehicles to the public.

The company asked us to go in and look at the problem as they had not put in a VAT Bad Debt Relief Claim for over a year and the amount of VAT that could be reclaimed was becoming significant.

We were asked to take on this project because of the two earlier successful projects.

### **Actions Taken**

A specification was written for the IT department to produce information in .CSV files for use in the Access Database.

The data was sorted and merged using Access and then the reclaim calculations we performed in Excel.

We provided the calculations and formulae for the various calculation and sensitivity methods.

The results were presented to HMRC and the reclaim was accepted on the straight line basis.

The rule of 78 method was passed to the barrister to pursue through the court to increase the reclaim from £2.1M to 2.7M. Case is now with the EU.

### **The Results**

We made a VAT reclaim of £2,100,000 which was accepted by HMRC. A procedure was put in place so that £420,000 to £500,000 was reclaimed each VAT quarter.

A case was sent to the VAT commissioners and hence to the EU for the reclaim to be made based on SSAP 21 rules and not the straight line rules in chapter 11.

**If you want to find out more about any of the areas covered in this case study  
and how we can support your business – contact us today.**