

FACTSHEET
VAT ON DISBURSEMENTS AND EXPENSES

During the course of our work as solicitors we may need to pay fees or expenses to third parties on behalf of our clients.

In some cases we are required by HMRC to charge VAT on these fees.

The rationale of HMRC is that where we obtain reports which we then use to advise clients, this is considered to be part of the services we provide and therefore is subject to VAT.

Where we simply pass a payment on (e.g. tax) without any advice being given to the client then VAT is not chargeable.

The distinction is not always clear cut.

HMRC's practice is set out in HMRC VAT Notice 700.

Practical examples where VAT may be charged:

- Searches on house purchases
- Copies of the register
- Bank transfer fees
- Experts' reports

Please contact us if you require further information.