

Reclaiming VAT on Bad Debts

A claim for bad debt relief can be made so as to obtain a credit for VAT previously paid over to Revenue in relation to a supply where all of the following conditions are satisfied:

- (a) The taxable person has taken all reasonable steps to recover the bad debt
- (b) The debt has been written off in the financial accounts of the taxable person and the bad debt is an allowable deduction for tax purposes, and
- (c) The person from whom the debt is due is not connected with the company.

The following records must be kept in relation to the debt that is the subject of the VAT reclaim:

- (i) Particulars of the name and address of the debtor,
- (ii) The nature of the goods or services to which the debt relates,
- (iii) The date or dates on which the debt was incurred, and
- (iv) The date or dates on which the debt was written off,

Where the above conditions are satisfied a claim for bad debt relief can be made by including the VAT amount being reclaimed in the taxable person's VAT return.

For more information, please phone a member of our tax team on **059 9137040** or email **tax@laloroshea.ie**.