

MONMOUTHSHIRE COUNTY COUNCIL

Press Release – Trading Standards warns consumers about VAT increase scams

30th November 2010

Monmouthshire Trading Standards officers are advising consumers to be wary of companies advertising 'pay now and save on January's VAT increase'.

It might seem tempting to go for the money-saving option but before handing over money, potential buyers should carry out checks to avoid likely scams, companies that could go bust, or discovering that the VAT increase will be levied anyway.

Consumers can protect themselves by carrying out research on traders offering deals, particularly if they are advertising on the internet. If they decide to pay before the VAT hike and the goods cost more than £100 they can use a credit card. This means the credit card provider shares liability if the trader fails to fulfil the contract.

Consumers are also advised that if they pay the full amount for a product or service before 4 January 2011 they should be charged VAT at 17.5%. If they pay a deposit before 4 January and the balance after that date they will be charged 17.5% on the deposit but 20% VAT on the balance

However, those paying the full amount in advance run the risk of the trader disappearing with the money and not providing the goods or services. A further gamble is that they could go bust between the time of order and the agreed delivery date.

Phil Glanville Trading Standards Manager, said: "Remember that the VAT increase is only about 2p in the pound. A shop holding off charging the VAT isn't necessarily the cheapest. You can probably find much bigger savings if you take time to shop around."