

This example shows how to apply the de minimis test in an annual adjustment.

Input tax directly attributable to exempt supplies	£7,500
Exempt proportion of the residual input tax	<u>£4,800</u>
	£12,300
Total input tax incurred	£35,500
$\frac{£12,300}{12} = £1,025$ per month (on average)	$\frac{£12,300}{£35,500} \times 100 = 34.65\%$