



HM CUSTOMS AND EXCISE
<http://www.hmce.gov.uk>

Notice 700/1

Should I be registered for VAT?

May 2002 - This notice has updates at the end of this document

This notice cancels and replaces Notices 700/1 April 2001, 700/1A November 1997, 700/1B August 1997, 700/4 March 1997 and 700/61 June 1997. Details of any changes to the previous version can be found in paragraph 1.1 of this notice. This Notice includes the July 2002 correction referring to Section 19 note 4. Update 1 (October 2002) is included in this notice.

Further help and advice

If you need general advice or more copies of Customs and Excise notices, please ring the **National Advice Service** on **0845 010 9000**. You can call **between 8.00 am and 8.00 pm, Monday to Friday**.

If you have **hearing difficulties**, please ring the **Textphone** service on **0845 000 0200**.

If you would like to speak to someone in **Welsh**, please ring **0845 010 0300**, **between 8.00 am and 6.00 pm, Monday to Friday**.

All calls are charged at the local rate within the UK. Charges may differ for mobile phones.

Other notices on this or related subjects:

700/9 Transfer of a business as a going concern

725 Single market

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1. VAT registration: basic information

1.1 What is this notice about?

This notice tells you when and how to register for VAT. It also tells you about the registration procedures you will need to follow if you make:

- distance sales (see section 5);
- acquisitions (see section 6);
- relevant supplies (see section 7); or
- taxable supplies in the UK, but are not resident here (see section 8).

The notice also includes a Statement of Practice about the artificial separation of business activities.

The supplement to this notice gives details of the previous and current registration and deregistration thresholds. It also gives the address of where to send your application to register for VAT.

The VAT registration notices and Statement of Practice on the artificial separation of business activities have been combined to produce a single notice on VAT registration in order to make the information more readable and user friendly. This notice also corrects a previous error in relation to a person's responsibility to account for VAT on distance sales where they are already registered for VAT in the UK (see paragraph 5.4).

It also includes the July 2002 correction which incorporates the table omitted from Section 19 Note 4.

You can access details of any changes to this notice since May 2002 on our Internet website at www.hmce.gov.uk or by telephoning the National Advice Service on 0845 010 9000.

This notice and others mentioned are available both on paper and on the above website.

1.2 What is VAT?

Value Added Tax (VAT) is a tax businesses charge when they supply their goods and services in the United Kingdom (UK) or Isle of Man (IOM).

It is also charged on goods, and some services, that are imported from places outside the European Community (EC) and on goods and services coming into the UK from another EC Member State.

The following are examples of business supplies:

- selling new and used goods, including hire purchase;
- providing a service, for example, hairdressing and decorating;
- charging an admission price to go into buildings; or
- self-employed people providing supplies, for example, some salesmen and subcontractors.

1.3 Are there different rates of VAT?

Yes, there are three rates:

Rate of VAT	Also known as...	Applies to taxable supplies of ...
17.5%	standard rate	most goods and services
5%	reduced rate	fuel and power used in the home and by charities women's sanitary products
0%	zero rate	certain goods and services on which you do not need to charge VAT (see paragraph 1.5)

1.4 What are taxable supplies?

The supply of any goods and services which are subject to VAT at any rate, including zero-rated, are called **taxable supplies**. They are referred to as taxable supplies whether you are registered for VAT or not. If the value of your taxable supplies is over a specified limit, you are required to register for VAT – see paragraph 2.1. If you are registered for VAT, you must charge and account for VAT on all your taxable supplies from the date that you are first registered.

1.5 What are zero-rated supplies?

These are taxable supplies on which the current VAT rate is 0%. Examples include:

- most food (but not meals in restaurants or cafes and hot take-away food and drink);
- books;
- newspapers;
- young children's clothing and shoes;
- exported goods (For further information see Notice 703 *Exports and removals of goods from the UK.*);
- most prescriptions dispensed to a patient by a registered pharmacist; and
- most public transport services.

This list is not exhaustive and further information regarding zero-rated supplies can be found in Notice 700 *The VAT Guide*.

If all or most of your supplies are zero-rated, you may not need to be registered for VAT. This is called exemption from registration (see paragraph 2.7).

1.6 What are exempt supplies?

Exempt supplies are business supplies other than taxable supplies on which VAT is not charged.

Examples include:

- selling, leasing and letting land and buildings (but not lettings of garages, parking spaces or hotel and holiday accommodation). See Notice 742 *Land and property*;
- insurance;
- betting, gambling and lotteries (but not takings from fruit machines);
- providing credit;
- certain education and training;
- fund raising events by charities;
- subscriptions to certain membership organisations;
- the services of doctors and dentists; and
- certain services from undertakers.

This list is not exhaustive and further information regarding exempt supplies can be found in Notice 700 *The VAT Guide*.

If you are registered for VAT and make some exempt supplies, you may not be able to get all your input tax back. Notice 706 *Partial exemption* tells you more about this.

If **all** your supplies are exempt, you will not be able to register for VAT. However if you make supplies of finance or insurance services or of investment gold to customers in countries outside the European Community, you may register on a voluntary basis, in order to claim back any input tax you have paid in respect of these specified supplies. You are also able to recover input tax where your supply consists of insurance and finance services (including intermediary services) that are directly linked to the export of goods from within the EC to outside the EC, regardless of where the recipient of the supply is established. If you are making this type of supply and think you might be able to register, you should phone our National Registration Service for further advice.

1.7 What if I opt to tax my land and buildings?

For certain supplies of land and buildings, which would otherwise be exempt from VAT, you can choose to "elect to waive" the exemption and thus charge VAT on your supply (this is also known as the "option to tax"). If you do opt to tax, the value of the taxable supplies of the land and buildings covered by the option must be included in your taxable turnover when you are deciding whether you are liable to be registered (see paragraph 2.9 of this notice) or whether you wish to be registered on a voluntary basis (see paragraph 2.3 of this notice).

If you are not already liable to be registered for VAT and you become liable to register, or wish to register voluntarily, following the option to tax, a written notice of your option must be included with your Form VAT1 (Application for Registration). If you have already made an exempt supply of the land or building (sale,

leasing or letting) before the date from which you want your option to have effect, you must first get our written permission. However, you do not need to do this if you meet the conditions for automatic permission. If this is the case, when submitting your Form VAT1 please confirm in writing that you fully meet these conditions so that we can deal with your option to tax.

If you do not meet the conditions for automatic permission, we cannot process your application for registration until you get permission from our National Advice Service, unless you are making other taxable supplies and are required to, or wish to, register. Once you have permission to opt to tax, you should enclose a copy of the option to tax correspondence with your Form VAT1.

Notice 742A *Opting to tax land and buildings* gives full information on all of these matters.

1.8 What if I only supply goods or services abroad?

If you have a business establishment in the UK (including a branch or agency) or your usual place of residence is the UK, but you only supply goods or services to customers based outside of the UK (which would have been taxable if made in the UK), then you are able to register for VAT on a voluntary basis as long as you receive taxable supplies from UK VAT registered businesses or import goods into the UK. If you think you might be able to register, you should phone our National Advice Service for further advice.

1.9 What if I take over a business from someone else?

If you take over a VAT registered business from someone else, as a going concern, you are liable to be registered, unless you qualify for exemption from registration, (see paragraph 2.7). You may be able to transfer the previous VAT registration number to yourself (see Notice 700/9 *Transfer of a business as a going concern*). Your registration date would be the date you take over the business. Section 3 tells you how to register for VAT in these circumstances.

If the previous owner was not registered for VAT, you must look carefully to see if you need to register. Section 2 of this notice will help you decide this.

1.10 What if I have been registered for VAT before?

When applying for registration, you should tell us if you have been registered before or if you are currently involved in any other VAT registration.

We have the power to ask for a payment in advance or a guarantee as security if we think we will have problems collecting money from you. The information you give us when you apply to register will help us decide if you will have to give us an advance payment or a guarantee as security.

Notice 700/52 *Notice of requirement to give security to Customs and Excise* explains under what circumstances we may require security. This notice can be obtained from our National Advice Service.

1.11 Do I have to register if I live or work abroad?

You may still have to register if you live in this country but carry out part of your business abroad or if you have a place of business in this country but live abroad. In these circumstances you have a business establishment in the UK and would be liable to register subject to the normal rules.

2. Deciding if you need to register

2.1 When must I register for VAT?

You must register for VAT when the value of your:

- (a) taxable supplies (see paragraph 1.4); **or**
- (b) distance sales (see section 5); **or**
- (c) acquisitions (see section 6),

go over the limits specified in the supplement to this notice; **or**

- (d) when you take over a VAT registered business as a going concern (see paragraph 1.9).

If you make distance sales of any excise goods, or relevant supplies (see section 7), in the UK, you must register and account for VAT on those sales, irrespective of their value.

Once you are registered or are required to be registered for VAT under any of the above categories, you are a taxable person. As a taxable person you must charge and account for VAT on all your taxable supplies, distance sales, acquisitions and relevant supplies in the UK from the date that you are required to be registered.

2.2 Do I have to register if I have reached the limits but I expect the value of my taxable supplies to reduce?

If at the end of **any month** the value of your taxable supplies for the last 12 months has gone over the registration threshold, but you can provide evidence and explain why the value of your taxable supplies will not go over the deregistration threshold in the next 12 months, then you may not have to register, unless you are otherwise required to do so because of the level of your distance sales or acquisitions. This is called exception from registration.

You must still tell our National Registration Service that you have reached the limit within 30 days of the end of that month, but you will not have to fill in any forms.

If you are granted exception from registration you do not become immune from a liability to register with regards to the supplies you continue to make. You should continue to monitor the value of your taxable supplies on a monthly basis to determine if a further liability arises. You should still monitor your previous turnover even where you were previously granted exception, as this does not form a cut-off date for monitoring your turnover. If a further liability arises you will have to apply again for exception.

2.3 Can I still be registered if I am not liable to be registered?

Yes. If you are not liable to be registered because the value of your taxable supplies, distance sales, or acquisitions is below the limits set out in the supplement to this notice, you can apply for voluntary registration. You can also apply to register prior to making taxable supplies, distance sales or acquisitions. In all cases you should think carefully whether registering will really benefit you. If we agree to register you from an earlier date, you:

- must account for VAT on **all** your taxable business supplies from that date;
- cannot apply later to change the date; and
- can recover input tax incurred in respect of your taxable supplies from that date.

2.4 Applying for voluntary registration if you make taxable supplies.

You cannot apply for voluntary registration to be backdated any more than 3 years from the current date. If you require registration prior to making taxable supplies you must also supply evidence to support your application. This can include:

- details of the arrangements you have made;
- copies of contracts you have in the pipeline;
- planning permission;
- details of what you have bought for your business;
- details of any patents you have applied for; and
- a statement with an option to tax certain land or buildings.

You may only register when you are in business. Generally business is seen as a continuing activity carried on with the intention of making supplies for a consideration. Non-business activities can include those carried on as a hobby or supplies made in a purely private capacity (for example the sale of personal belongings). The terms business and non-business are explained in greater detail in Notice 700 *The VAT Guide*.

Your application may be delayed or refused if you do not give us written proof that you are going to make taxable supplies.

2.5 Applying for voluntary registration if you make distance sales

You may apply for voluntary registration if you decide that you want to make the UK as the place of supply of your distance sales (see paragraph 5.7). You may also register at any time before your sales reach the UK VAT distance selling threshold. Paragraph 5.8 gives information on registering before you start to make distance sales.

2.6 Applying for voluntary registration when you make acquisitions

You may apply for voluntary registration if you can demonstrate to us that you are making, or intend to make, acquisitions, even if the value of those acquisitions is below the threshold. Paragraph 6.2 gives more information on voluntarily registering for VAT whilst paragraph 6.4 gives information on registering before you start to make acquisitions.

2.7 Exemption from Registration

If all or most of your taxable supplies, or acquisitions are zero-rated (see paragraph 1.5), you may not need to be registered for VAT. This is called exemption from registration. However, you do still need to complete the relevant form if you wish to apply for exemption from registration (see paragraph 3.1). If VAT is due on some of your supplies, you must be able to show us that, if you were registered, your input tax would normally be more than your output tax for your application for exemption to be allowed. Input tax is the VAT you pay on the goods and services you purchase for use in the course of your business. Output tax is the VAT you charge on your taxable supplies. If you are allowed exemption from registration, you will not be able to reclaim the input tax you pay when you buy goods or services for your business.

If you make relevant supplies that are zero-rated, you can apply for exemption from registration, by completing the relevant form. You should also enclose a letter confirming your request and explaining why your supplies are zero-rated.

If you are granted exemption from registration you must tell us at any time if your circumstances change, including the nature of the supplies you make, as you may not be entitled to exemption any longer.

2.8 How to determine when you become liable to register

You can determine when you become liable to register by following the table below. If you meet **any** of the conditions you **must** register for VAT in the UK.

If you make	You are liable to register if
taxable supplies in the UK (see paragraph 1.4) To calculate the value of your taxable supplies see paragraph 2.9.	(a) at the end of any month, the value of your taxable supplies in the previous 12 months or less, is over the registration threshold (unless you expect that the value of your taxable supplies in the next 12 months will not exceed the deregistration limit (see paragraph 2.2)) ; or (b) at any time, you expect the value of your taxable supplies in the next 30 days alone, to go over the registration threshold.
distance sales in the UK (see section 5)	at any time during the calendar year from 1 January, your total distance sales go over the distance sales threshold.
	If you make distance sales of excise goods such as tobacco or alcohol in the UK you must register for VAT whatever their value (see paragraph 5.6).
acquisitions in the UK (see section 6) To calculate the value of your acquisitions see Notice 725 <i>The Single Market</i> .	(a) at the end of any month, the total value of your acquisitions from all other EC states in the year, or part year, from 1 January has gone over the registration threshold; or (b) it is reasonable to assume that the value of the acquisitions you will make in the following 30 days alone will be over the registration threshold.

relevant supplies (see section 7)	<ul style="list-style-type: none"> (a) you make any relevant supplies in the UK; or (b) at any time you have reasonable grounds to believe you will make relevant supplies within the next 30 days.
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The supplement to this notice gives details of both the current and previous registration limits. If your turnover exceeded the registration limit at any given time and you failed to register for VAT, you must tell us as soon as possible.

2.9 How to calculate the value of your taxable supplies.

If you are making taxable supplies (see paragraph 1.4), you need to know your taxable turnover to determine if and when you need to register for VAT. Your taxable turnover is the total value of the taxable supplies you make in the UK or Isle of Man. You do not need to include:

- (a) the value of any capital assets (such as buildings, equipment or vehicles) which you have sold; or
- (b) the value of any exempt supplies (see paragraph 1.6).

However, where you dispose of land and buildings that is subject to an option to tax this supply must be included as part of your taxable turnover, where it is not a zero rated supply.

There are special rules for determining your taxable turnover if you are a tour operator and make taxable supplies which are:

- (a) normally used by travellers, for example, hotel and holiday accommodation or passenger transport, and
- (b) you buy in and re-supply these services to travellers without material alteration.

If you make such supplies, these may affect whether you need to register for VAT. Notice 709/5 *Tour operators' margin scheme* explains the rules and how to account for VAT on such supplies if you become registered.

2.10 How to calculate the value of your distance sales.

When working out this limit, exclude the value of all of the following:

- (a) new means of transport purchased; and
- (b) goods which you install or assemble at your customers' premises.

See Notice 725 *The Single Market* for details of how to account for VAT on such transactions.

2.11 What can I register as?

You can register as a:

- sole proprietor;
- partnership;
- corporate body; or
- club or association.

Subject to certain conditions being met, it is possible for two or more corporate bodies to register as a single taxable person, or, where a corporate body, which is organised in divisions and carries on its business in divisions, it may apply to register each division separately. You will find out more about these types of registration in Notice 700/2 *Group and Divisional Registration*.

3. How and when to notify us

3.1 How must I notify you?

You must notify us by completing the relevant form and sending it to our National Registration Service. The table below tells you which form you must use to notify us of your liability to register. You can get the forms by telephoning the registration service. Welsh versions of the forms are available from the Carmarthen Registration Unit.

(Details of our National Registration Service and these forms are available on our Internet website at www.hmce.gov.uk).

If your turnover has exceeded the thresholds (or if you are seeking exemption from registration – see paragraph 2.7) you should complete the relevant form below:

Taxable supplies	VAT1 (see section 15)
Distance sales	VAT1A (see section 16)
Acquisitions	VAT1B (see section 17)
Relevant supplies	VAT1C (see section 18)

You will also need to complete one of these additional forms if your business includes the following:

Partnership	VAT2
Takeover of a going concern	VAT68 (but only if you wish to retain the previous owner's VAT registration number).
Appointing a tax representative	VAT1TR (see section 19)

3.2 When must I notify you?

Where you are liable to register because the value of your taxable supplies in the last 12 months or less has exceeded the threshold, or the value of your relevant acquisitions has exceeded the threshold, you must notify to us within 30 days from the end of the month that this occurred.

Where you are liable because you expect your taxable supplies or relevant acquisitions in the next 30 days alone to exceed the threshold, you must notify us within 30 days of the date that expectation arose.

Where you are liable to register because the value of your distance sales has exceeded the threshold you must notify us within 30 days of the date this occurred.

Where you are liable to register because you make relevant supplies you must notify us within 30 days of making the supply or where you have reason to believe that you will be making a relevant supply in the next 30 days, you must notify before the end of this period.

Where you are taking over a business as a going concern you must notify us within 30 days of the business being transferred.

3.3 How will my registration date be decided?

Registration type	If you	Your registration date will be the
Taxable supplies	(a) have already gone over the registration threshold (see paragraph 2.9); or	first day of the second month after your taxable supplies went over the registration threshold.
	(b) expect to go over the registration threshold within the next 30 days alone.	date you first expected your taxable supplies to go over the registration threshold.
Acquisitions	(a) need to register because of the total value of acquisitions from all other EC States in the year or part year from 1 January went over the registration threshold; or	first day of the second month after this happened.
	(b) think that the value of the acquisitions you will make in the next 30 days alone will be over the registration threshold.	date you first expected this would happen.
Distance sales	need to register because the value of your	date that your sales exceeded the

	distance sales in the year or part year from 1 January went over the distance sales threshold.	threshold.
Relevant supplies	(a) make a relevant supply; or	date of your first supply.
	(b) expect to make a relevant supply within the next 30 days.	the date you first expected to make relevant supplies. However, if you have made a relevant supply and there were no reasonable grounds for believing that you would do so then we will register you from the date you made your first relevant supply.

If you must register for taxable supplies or acquisitions for both reasons, your registration date will be the earlier of the two dates.

3.4 Examples of how to work out the date by which I must notify my liability to be registered

(a) If you make taxable supplies

If	You must fill in and send us Form VAT1 by	And your registration date will be
your taxable supplies in the previous 12 months went over the registration threshold on 31 August	30 September	1 October
you expect your taxable supplies will go over the registration threshold in the next 30 days alone on 20 January	19 February	20 January

(b) If you make acquisitions

If the date	You must fill in and send us form VAT1B by	And your registration date will be
your acquisitions rose above the registration threshold was 31 May	30 June	1 July
you expect your acquisitions will be over the acquisition threshold in the following 30 days alone is 20 January	21 February	20 January

(c) If you make distance sales

Date threshold exceeded	You must fill in and send us Form VAT1A by	And your registration date will be
15 June	15 July	15 June

(d) If you make relevant supplies

If	You must fill in and send us Form VAT1C by	And your registration date will be
your first relevant supply was made on 22 April	22 May	22 April
on 22 April you expect you will make your first relevant supply in the next 30 days	22 May	22 April

3.5 When will I get my VAT registration number?

We will tell you your VAT registration number once we have checked the details of your application. You will receive a certificate of registration showing your full registration details. You should receive our reply within 3 weeks of sending in your form. If we have not replied in this time, contact our National Registration Service to make sure they received your application.

We will also send you Notice 700 *The VAT Guide*, a full list of publications and a range of simple introductory VAT notices. You may find it helpful to read these notices before you use *The VAT Guide*, which gives information on all the basic VAT rules and procedures.

3.6 What if I fail to notify at the correct time?

If you do not register at the correct time, you may incur a financial penalty. Section 13 gives more information.

You will be registered from the date you were liable to be registered. You will also have to pay VAT to us even if you have not charged it to your customers. You may be able to offset this against any costs you have incurred and for which you hold VAT invoices, subject to the normal rules (see paragraph 4.2).

4. Accounting for VAT

4.1 When must I start keeping records and charging VAT?

You must start keeping records and charging VAT to your customers from the date you know you have to be registered.

You can charge VAT before you are registered but until you have a registration number you must not show VAT as a separate item on any invoice you issue. You can change your prices to include VAT and explain to any of your customers who are also registered that you will be sending them VAT invoices later. Once you have your registration number you should send the necessary invoices showing VAT within 30 days.

If you have asked for voluntary registration you should start keeping records and charging VAT from the date you are registered. This will normally be the registration date you asked for on your application form.

Please note that, once you are registered, you must account for and charge VAT on all your taxable supplies, distance sales, acquisitions and relevant supplies in the UK, regardless of whether those values are above the threshold, for example if you are registered because your distance sales are above the relevant registration threshold, once registered, you must account for VAT on all your taxable supplies and acquisitions in the UK.

4.2 VAT paid before registration.

Subject to certain conditions you can reclaim any VAT you are charged on goods or services that you use to set up your business. Normally, this will include:

- VAT on goods you bought for your business within the last 3 years and which you have not yet sold; together with
- VAT on services, which you received not more than 6 months before your date of registration.

You should include this VAT on your first VAT return. Notice 700 *The VAT Guide* gives more information on this.

4.3 What records must I keep?

You must keep records of all your business supplies and purchases. You should also keep a note of all the VAT you have charged and paid for each period covered by your VAT returns - this is called a **VAT account**. If you are already in business you will probably find you can use your normal business records to give this information. You will find more about what you need to do in Notice 700/21 *Keeping records and accounts*.

4.4 Are there different schemes available to account for VAT?

If you sell direct to the public you may be able to use a retail scheme in order to assist you to account for VAT correctly. You will find more details of these schemes, including the special records you need to keep in Notice 727 *Retail schemes*.

The cash accounting scheme allows eligible businesses to account for VAT on the basis of payments received and made. For further information on this scheme see Notice 731 *Cash accounting*.

The annual accounting scheme allows eligible businesses to complete a single annual VAT return. For further information on this scheme see Notice 732 *Annual accounting*.

The flat rate scheme is an alternative to the normal transaction basis of VAT accounting for small businesses. It enables eligible businesses to avoid having to account internally for VAT on all their purchases and supplies, and instead simply calculate their net VAT liability as a percentage of their total turnover, including all their taxable, zero-rated and exempt income. For further information see Notice 733 *Flat rate scheme for small businesses*.

4.5 What is a VAT return?

The VAT return (Form VAT 100 or Welsh equivalent VAT 100W) is the form you use to notify us of the amount of VAT due on sales, distance sales, etc and the amount of VAT due to you from purchases etc. You will normally receive this every three months. The period covered by this return is called your **tax period**.

You will need to show the value of the goods you have bought and sold during the period which the return covers, pay any tax due, or claim a repayment if tax is owed to you. You can find out more about this in Notice 700/12 *Filling in your VAT return*. You can send us your VAT returns over the Internet. Our website and that of Government Gateway give further information on this service and how you can register to use it (www.hmce.gov.uk and www.gateway.gov.uk).

4.6 Can I make monthly instead of three monthly returns?

If you are registered for VAT and you expect your input tax will be more than your output tax, you may ask for your VAT return to be issued on a monthly basis.

4.7 What are outputs and inputs?

These are terms used to describe the supplies and purchases you make for your business. Your supplies are your **outputs** and the tax you charge is your **output tax**. If your customers are registered for VAT and the supplies are for their businesses, these supplies are their **inputs** and the tax you charge them is their **input tax**. In the same way, the VAT which other businesses charge you is your **input tax**. You deduct your input tax from your output tax and pay the balance to us. If your input tax is greater than your output tax, you can claim back the difference from us.

4.8 Can I have tax periods to match my financial year?

We can normally arrange this. If you would like us to do so you should send a letter of request to our National Registration Service with your application form.

5. Distance selling

5.1 What is distance selling?

Distance selling is when a taxable person in one European Community (EC) Member State supplies and delivers goods to a customer in another EC Member State and the customer is not:

- registered for VAT, or
- liable to be registered for VAT.

These customers are known as non-taxable persons and will include private individuals, and also public bodies, charities and businesses which are not registered for VAT because their:

- turnover is below the registration threshold; or
- activities are entirely exempt from VAT.

The most common example of distance sales is mail order sales. If you make distance sales of goods in the UK that are subject to excise duty, special rules apply and these are explained in paragraph 5.6.

5.2 How does distance selling work?

If you are registered for VAT in one EC Member State (the State of despatch) and make supplies to customers in another Member State (the State of destination), you should account for VAT as normal in the State of despatch until the value of your distance sales to the State of destination goes over the distance selling threshold for that country. When this happens, you **must** register for VAT in the State of destination and account for the VAT on those distance sales you make there. This is because, once the value of your distance sales exceed the threshold, your distance sales are treated as being supplied in the State of destination.

5.3 How to account for VAT once you are registered for distance sales in the UK

Once you are registered for distance sales in the UK, you must comply with all the usual UK VAT registration requirements. You must keep a record of all distance sales to the UK. You must issue VAT invoices to all your customers this includes private individuals. Notice 700 *The VAT Guide* gives further information.

Once you are registered for distance sales in the UK, you are required to charge and account for VAT on your taxable supplies, acquisitions and relevant supplies in the UK, irrespective of whether the value of those supplies are over the relevant threshold.

5.4 What if I am already registered for VAT because I make taxable supplies and/or acquisitions in the UK?

If you are already registered for VAT in the UK because the value of your taxable supplies or acquisitions is over the relevant threshold or because you have registered voluntarily, you must account for VAT on your distance sales in the UK even where their value has not exceeded the threshold (see paragraph 4.1 of this notice).

5.5 What if I make distance sales to more than one Member State?

Once the value of your sales to any Member State goes over the distance selling threshold of that Member State, you must register there separately. If you are making sales to more than one Member State, you must keep separate records of the value of the sales to each State to ensure you register at the right time. Responsibility for ensuring you account for tax to the correct fiscal authority is yours. A list of addresses for fiscal offices in other Member States can be found in Notice 725 *VAT: The Single Market*.

5.6 What if a distance sale involves excise goods?

If you are selling excise goods such as tobacco and alcohol from another EC Member State to customers in the UK, special rules apply. **The excise duty and VAT on these goods must always be accounted for in the UK.** There is no threshold for such sales. If you supply and arrange for the delivery of goods which are subject to excise duty to a non-VAT registered customer in the UK, you must register and account for the duty and VAT due in the UK.

5.7 Can I register before I reach the threshold?

You can make the UK the place of supply for distance sales if they are below the UK threshold. But if you opt to do this, you must do **all** of the following:

- inform the fiscal authority in your home State;

- provide us with written evidence to show you have informed them;
- notify us at least 30 days before the date of the first supply using Form VAT1A;
- register for VAT in the UK from the date of the first supply following the option;
- account for VAT in the UK on all distance sales made here;
- comply with all the usual UK VAT rules see Notice 700 *The VAT Guide*; and
- normally remain registered in the UK for at least 2 years from the date of supply following registration.

5.8 Can I register before I start making distance sales?

Yes. If you are not yet making distance sales to the UK but have made, or intend, to make the UK the place of supply, you can register here before you start to make distance sales.

You can also register in the UK before supplying excise goods under the distance selling arrangements.

To register, you must satisfy us that from a certain date, you have a real intention to:

- make distance sales to the UK and account for VAT here;
- complete and submit to us Form VAT1A;
- enclose written evidence showing you have made firm arrangements to start making distance sales when you submit the VAT1A.

If we are not satisfied that you intend to make distance sales in the UK, your application may be refused.

5.9 What if I do not have a UK business establishment?

If you do not have a UK business establishment, are not normally resident here or in the case of a company incorporated here, you are a non-established taxable person (NETP) but you must still register for VAT in the UK if your taxable supplies exceed the current UK threshold. You may choose one of the following options:

- register at Aberdeen VAT Business Advice Centre NETP Unit and deal with us directly; or
- appoint an agent; or
- appoint a tax representative.

You can find out more about NETPs in section 8. Further information on agents and tax representatives can be found in section 10.

6. Acquisitions

6.1 What are acquisitions?

If you are an organisation or business, and not a private individual acting in a purely personal capacity, any goods you buy from a VAT registered supplier in another EC country for removal to the UK are known as **acquisitions**.

6.2 When must I register and account for VAT on acquisitions?

When the total value of your acquisitions is over the registration limit, you must register and account for VAT in the UK. Section 2 gives information about the limit and how to work out if you must register.

When you buy goods from a VAT registered business in another EC country, and the goods are removed to the UK, VAT becomes due when you acquire the goods. You should then account for the tax due on your VAT return, see Notice 725 *The Single Market*.

If you are not liable to be registered for VAT in the UK, you will be charged VAT in the EC country where you purchase the goods.

6.3 Can I register if the level of my acquisitions is below the limit?

Yes. Once registered you will have to comply with the normal UK VAT registration requirements. You must remain registered for 2 clear calendar years after your registration date.

6.4 Can I register before I start making acquisitions?

Yes. You will have to prove to us that you are going to make acquisitions so when you send us your Form VAT1B (see paragraph 3.1) you must also send written proof showing that firm arrangements have been made to acquire goods from other EC countries. You should also tell us the date you wish to be registered from and the date you expect to make your first acquisition (these arrangements do **not** apply to services).

6.5 In what circumstances do I not need to register due to the level of my acquisitions?

You do not need to register if you:

- are already registered for VAT;
- are required to be registered because your taxable supplies have gone (or will go) over the registration threshold;
- wish to be registered for VAT and are making (or intend to make) taxable supplies; or
- are a private individual buying goods from other European Community (EC) countries for your own use and not for use in a business of any kind. In these circumstances you will be charged VAT on the goods in the country in which you purchase them.

7. Relevant supplies

7.1 What are relevant supplies?

Relevant supplies are taxable supplies of goods, which you make in the UK on which you (or a predecessor of yours) have recovered VAT under the Eighth or Thirteenth Directive refund arrangements. Supplies are relevant supplies only where VAT paid on the purchase of the goods, or on anything incorporated in them, is recoverable. The definition includes situations not only where you, or your predecessor, have already recovered the VAT under the refund scheme but also where there is an intention to do so in the future. There is no exception for supplies of capital assets.

7.2 What is a predecessor?

A predecessor is someone who has transferred goods to you under the provisions allowing relief from VAT on the transfer of a business or part of a business as a going concern see VAT Notice 700/9 *Transfer of a business as a going concern*. A predecessor can also be a previous transferor, under those provisions, who has recovered VAT on the transferred goods. The goods transferred may be the actual goods, which are supplied by you, or something incorporated in them.

7.3 Who has to register?

The liability to register will apply to both Non Established Taxable Persons (see section 8) and unregistered persons established in the UK who make relevant supplies. Persons established in the UK will only be affected where a predecessor of theirs makes a claim under the Eighth or Thirteenth Directive refund arrangements.

7.4 What if I am already registered for UK VAT?

If you are already registered for VAT, this new requirement to notify will not affect you unless you are considering whether to deregister your existing registration.

8. Non-established taxable persons (NETPs): basic information

8.1 What is an NETP?

An NETP is any person who is not normally resident in the UK and who does not have a business establishment here and, in the case of a company, is not incorporated here. A taxable person is the legal entity that makes the supplies (see paragraph 2.11)

8.2 What is a 'business establishment'?

The best way to explain is with some examples of what we consider are, and are not, business establishments

(a) What is considered to be a business establishment?

Premises from which trading activities directly related to the business are carried out.

(b) What is not considered to be a business establishment?

- The business address of an accountant or agent.
- Premises from where a business provides:
 - bookkeeping;
 - accountancy; or
 - invoicing services;

for a non-established taxable person who does not actually make supplies in the UK.

In these circumstances we would need evidence of some further business activities to accept an application for registration.

8.3 When must an NETP register for VAT in the United Kingdom (UK)?

If you make:

- taxable supplies (see paragraph 1.4); or
- distance sales (see section 5); or
- acquisitions (see section 6); or
- relevant supplies (see section 7)

in the UK above certain limits, you must register for VAT here, charge any UK VAT due and pay it to us. Section 2 of this notice gives details of the limits and how to work out if you will need to register in the UK.

Paragraphs 8.4 and 8.5 will help you decide if you are making supplies of goods or services in the UK.

8.4 How do I decide if I am making a supply of goods in the UK?

You may be making a supply of goods in the UK if the goods in question have at some stage been physically located here. You may also be making supplies even if you have no place of business here. Examples of supplies of goods in the UK include the sale of goods:

- located in the UK and which remain here;
- located in the UK for export to a place outside the EC;
- located in the UK for removal to another EC Member State;
- you import into the UK from outside the EC (but if your customer imports the goods, your supply is outside the scope of UK VAT);
- in the UK which you have acquired from another EC Member State; or
- you install or assemble here (but not if you are using the simplified procedure for installed or assembled goods detailed at paragraph 11.5).

8.5 How do I decide if I am making a supply of services in the UK?

There are a number of rules for deciding where different types of services are treated as supplied. If the place of supply of your services is the UK, you must normally charge any UK VAT due and pay it to us, even if you do not have a place of business here. Notice 741 *Place of supply of services* will help you decide where your services are supplied.

You do not need to register in the UK if you only make supplies of services on which your customer is liable to account for any VAT due under the **reverse charge** procedure. For detailed information on the place of supply of services and the reverse charge please see Notice 741 *Place of supply of services*. Where services are transferred between branches of the same company, you may generally disregard the supply for the purposes of UK VAT. For further information see Notice 700/2 *Group and Divisional Registration*.

9. Non-established taxable persons (NETPs): voluntary registration

9.1 When can I register voluntarily as an NETP?

You may be entitled to register for VAT in the UK voluntarily and claim back any input tax you have paid here if you have no UK business establishment, but make taxable supplies here (see paragraphs 8.2, 8.4 and 8.5).

Section 3 gives information about how to register.

9.2 How do I register voluntarily for VAT?

You may register for VAT voluntarily by:

- dealing with your VAT obligations yourself; **or**
- appointing an agent to deal with your VAT affairs; **or**
- appointing a tax representative.

See section 10 for information on tax representatives and agents.

9.3 What if I have a business establishment in the UK?

If you have a business establishment in the UK, you are not an NETP. You will be registered at the address of your principal UK place of business. Your VAT records and accounts should be kept at this address and be available for us to inspect.

You should ensure that someone responsible for your VAT affairs can be available at the address. If that person is an employee, you should give them written authority to act on your behalf. A suggested form of words for this authority is at paragraph 10.5.

A separate authority will not be required:

- (a) if the name of the person concerned has been notified to the Registrar of Companies under the Companies Act 1985, Part XXIII as a UK resident authorised to accept service of process on behalf of the company; **or**
- (b) for a partnership where the person concerned is a partner, resident in the UK.

10. Non-established taxable persons (NETPs): Tax representatives and agents

10.1 Appointment and role of a tax representative

If you are an NETP and so have no business establishment in the UK (see section 8), you may appoint a tax representative.

A tax representative:

- must keep VAT records and accounts and account for UK VAT on behalf of the business it represents; and
- is jointly and severally liable for any VAT debts incurred by the business.

You may only appoint one person at a time to act on your behalf, although a tax representative may act for more than one principal at any time. The representative must keep separate VAT accounts and make separate VAT returns for **each** principal they represent.

10.2 What must I do if I appoint a tax representative?

You must still fill in Form VAT1 application for registration. Also, both you and the person you appoint must complete a Form VAT1TR. This form authorises us to accept that someone else is acting on your behalf. You will need to give your representative sufficient information to enable them to keep your VAT account, make returns and pay VAT on your behalf.

10.3 Will you make me appoint a tax representative?

We can only insist that certain NETPs appoint a tax representative. Those NETPs based in countries where certain mutual assistance arrangements exist can no longer be forced to have a tax representative.

10.4 May I appoint an agent instead of a tax representative?

Yes. Any arrangement you make with someone else to look after your VAT affairs will be subject to whatever contractual agreement you both decide. We cannot hold your agent responsible for any of your VAT debts. We reserve the right not to deal with any particular agent you may choose to appoint and we could still insist that you appoint a tax representative if we believe it necessary in some circumstances.

As with the appointment of tax representatives, with agents:

- you may only appoint one person at a time to act as your agent (although an agent may act for more than one principal);
- you must still fill in the appropriate form to apply for registration (see paragraph 3.1);
- we will need your authority before we can deal with your agent. In the case of agents this should be by letter. A suggested form of words for this authority is at paragraph 10.5; and
- you will need to give your agent sufficient information to enable them to keep your VAT account, make returns and pay VAT on your behalf.

10.5 Suggested wording for letter to authorise an agent or employee to act in VAT matters

“(Insert principal’s name) of (insert principal’s address) hereby appoints (insert name of UK agent or employee) of (insert address of UK agent or employee) to act as agent for the purpose of dealing with all their legal obligations in respect of Value Added Tax.

This letter authorises the above named agent to sign VAT return Forms 100 and any other document needed for the purpose of enabling the agent or employee to comply with the VAT obligations of the principal.

Signed (insert principal’s signature)

Date (insert date)”.

10.6 What if I do not wish to appoint a tax representative or an agent?

If you do not wish to appoint a tax representative or agent, you must still meet all your obligations under UK VAT law. This includes:

- registering for VAT at the correct time;
- keeping a record of everything you buy and sell in relation to your business in the UK;
- keeping the records needed to complete your VAT return;

- producing records and accounts to us for inspection;
- keeping a note of all the VAT you have paid and charged for each period covered by your VAT return;
and
- paying the right amount of tax on time.

Further information on keeping records and accounts is in Notice 700/21 *Keeping records and accounts*.

To register for VAT you must contact our Aberdeen office.

11. Non-established taxable persons (NETPs): imports and movement of goods

11.1 Importation of goods from outside the EC

Some transactions made by NETPs involve importing goods into the UK from outside the EC. The place of supply of the imported goods may affect whether you must register for VAT in the UK. The correct place of supply depends on **who** carries out the importation procedures.

If you supply the goods and import them yourself, or they are imported under your direction, the place of supply is deemed to be the UK.

If your customer is responsible for the importation, the place of your supply of the goods is deemed to be outside the UK.

11.2 Examples of how to determine the place of supply of goods

- (a) An American company sells goods to a company in the UK. The American company completes the import procedures themselves or through an agent. In these circumstances the supply by the American company would be deemed to have taken place **in** the UK. The American company would be subject to the usual VAT registration requirements in the UK.
- (b) An American company sells goods to a company in the UK. The UK company completes the import procedures. In these circumstances the supply by the American company would be deemed to have taken place **outside** the UK. The supply is not a taxable supply in UK law and registration for UK VAT would not be necessary.

Notice 702 *Imports* gives more information about importation of goods.

11.3 Goods acquired from another EC Member State and supplied in the UK

If you are registered for VAT in the UK, you must account for VAT here on acquisition of the goods. You may treat this as input tax and reclaim it, subject to the normal rules, see Notice 725 *The Single Market*. You will also have to account for any VAT due on the supply of goods in the UK.

If you are not registered or liable to be registered for VAT in the UK, you can arrange for an agent to account for the acquisition tax on goods acquired from another EC Member State for sale in the UK. Your EC supplier may zero-rate the supply to you by quoting the agent's VAT registration number. The agent will treat the goods as supplied by him/her and will charge and account for VAT in the usual way. As long as you make no other supplies here, you do not have to register for VAT.

There are a number of special cases and exceptions about movement of goods and acquisitions within the EC. Notice 725 *The Single Market* gives more information on these.

11.4 Should I be registered if I am supplying goods to be installed or assembled?

If you are contracted to supply installed or assembled goods in the UK, your supply is liable to UK VAT. You may be required to register and account for any VAT due here.

11.5 Simplified procedure for installed or assembled goods

If you:

- supply goods that you install or assemble in the UK; and
- are registered for VAT in another EC Member State; and
- do not purchase any part of the goods for installation in the UK; and
- are not otherwise required to be registered in the UK;

you may be able to use a simplified procedure under which your customer will account for any VAT due to us. In these circumstances you would not be required to register for UK VAT.

Notice 725 *The Single Market* gives more information on installed or assembled goods.

11.6 Can I reclaim UK VAT if I am not liable or entitled to be registered?

You may be able to reclaim UK VAT you have had to pay on your business purchases. Notice 723 *Refunds of VAT in the European Community for EC and non-EC traders* gives full details of the refund arrangements.

12. What happens after you are registered

12.1 Help and information for newly registered businesses

After you are registered, we will contact you offering a choice of one or more of the following:

- going to a seminar to introduce you to VAT;
- having a one to one consultation with an officer at your local office; or
- receiving a "Customs matters - getting it right from the start" video and leaflet.

This advice is free and will help you understand how VAT works and how it is likely to affect your business. Further information is available from our National Advice Service.

12.2 Visits by our officers

From time to time, we may need to inspect your VAT records. This is to ensure that you have accounted for the correct amount of tax at the right time. We will normally contact you before we visit, to arrange a mutually convenient date and time. Our officers will also try to deal with any queries you may wish to raise. These visits will be conducted as swiftly as possible with the minimum of inconvenience to your business.

If you have a business establishment in the UK, we will normally visit you there. We will expect your books and trading records to be made available at this address. If you have appointed a tax representative or agent, we will normally visit them.

If you do not have a business establishment and have not appointed a tax representative or agent, we will expect you to make your books and trading records available on request at our Aberdeen VAT office. We will examine your records at this office and then return them to you.

You can find more about visits from our officers in Notice 989 *Visits by Customs and Excise officers*.

12.3 What should I do if my registration details change?

After you are registered, you must tell us about any changes affecting your VAT registration details. You will find more about this in Notice 700 *The VAT Guide*. When you write to tell us about any changes, please remember to:

- include your VAT registration number and address; and
- ensure that the registered person signs the letter (for example, if you are a sole proprietor you must sign to confirm the change in details).

This will help avoid any delay in recording the new information.

The supplement to this notice gives details of where to send notification of your changes.

12.4 What should I do if I change legal entity?

If you change the entity of your business, for example from a sole proprietor to a partnership or limited company, you must:

- either apply for a new registration number by completing an application form; or
- ask to retain the previous number. In this case you will need to complete an application form as well as Form VAT 68. You may also need to complete Form VAT 2.

Section 3 tells you how to notify us of your liability to be registered.

13. Errors, late notification and fraud

13.1 What if I get my registration date wrong?

It is important to get your registration date right. If we find out later you should have been registered from an earlier date, you will have to pay us VAT on the taxable supplies you made from the earlier date. You may also be liable for a late registration penalty.

13.2 What if I notify you late?

You may also incur a late registration penalty if you fail to notify us of your liability to be registered by the proper time. The penalty amount will depend on the amount of VAT due and length of time you have taken to notify us.

For more information see Notice 700/41 *Late registration penalty*.

13.3 What if I deliberately avoid registering for VAT?

If you deliberately avoid registering for VAT, you may be liable to a penalty equal to the amount of VAT you should have paid us. For serious offences the matter will be investigated and we may bring criminal proceedings. Notice 700 *The VAT Guide* gives more information about this.

14. Statement of Practice: Artificial separation of business activities

14.1 Introduction

This Statement of Practice sets out how Customs and Excise will apply the updated provisions aimed at countering the artificial separation of businesses to enable them to trade below the VAT registration threshold. The purpose of this statement is solely to clarify Customs' policy in this area. It does not qualify the relevant legislation, nor does it affect a taxpayer's right of appeal to an independent VAT and duties tribunal.

14.2 Why the legislation is required

The measures were originally designed to counter avoidance in circumstances in which a business is artificially separated so that one or more of its parts trades below the VAT registration threshold.

The impetus was twofold:

- firstly, unfair competition results from artificial separation because the split businesses, trading below the threshold, do not have to charge VAT on their supplies and may therefore be able to charge lower prices than their registered competitors; and
- secondly, tax loss accrues to the Exchequer because, in the absence of separation, the whole business would be trading above the registration threshold and liable to register.

The new legislation became necessary because the existing measures proved ineffective and this type of avoidance remained widespread. Having to establish the intention of the parties proved difficult as businesses were able to offer apparently legitimate reasons for the separation which were, in fact, secondary to the real reason which was the avoidance of registration.

14.3 The new legislation

The new provisions, which are contained in section 31 of the Finance Act 1997, make the following main changes:

- A new paragraph 1A is inserted into Schedule 1 to the Value Added Tax Act 1994. It clearly states that the purpose of paragraph 2 is to counter any artificial separation of business activities resulting in an avoidance of VAT. In determining whether or not any separation is artificial the extent to which the parties involved are closely bound to one another by financial, economic and organisational links must be taken into account.
- Paragraph 2(2)(d) of Schedule 1 is repealed. It prevented the Commissioners taking action unless they were satisfied (amongst other things) that one of the main reasons for the separation was the avoidance of registration.

The purposive clause is an over-arching provision against which a direction made under this legislation must be tested. Its inclusion is a conscious attempt to indicate Parliament's aims in passing the legislation, and to encourage tribunals and Courts, when considering appeals, to test not only the legal technicalities but also whether the disaggregated business arrangements result in a VAT loss.

14.4 How the new measures will be applied

Whilst it is true that the new measures focus on the effect rather than the reason for the separation, it must be stressed that their purpose is to counter artificial separation which results in an avoidance of VAT. Customs will therefore not aggregate businesses unless they are satisfied that the separation is artificial.

Under the new measures Customs may only make a direction when:

- the separation is artificial;
- the separation results in an avoidance of VAT;
- the parties involved are closely bound by financial, economic and organisational links; and
- the other legal requirements are satisfied.

14.5 What Customs will consider to be artificial separation

Customs will be concerned with separations which are a contrived device set up to circumvent the normal VAT registration rules. Whether any particular separation will be considered artificial will, in most cases, depend upon the specific circumstances. Accordingly it is not possible to provide an exhaustive list of all the types of separations that Customs will view as artificial. However, the following are examples of when Customs would at least make further enquiries:

- **Separate entities supply registered and unregistered customers**
In this type of separation, the registered entity supplies any registered customers and the unregistered part unregistered customers.
- **Same equipment/premises used by different entities on a regular basis**
In this type of situation, a series of entities operates the same equipment and/or premises for a set period in any one week or month. Generally the premises and/or equipment is owned by one of the parties who charges rent to the others. This situation may occur in launderettes and take-aways such as fish and chip shops or mobile catering equipment such as ice cream vans.
- **Splitting up of what is usually a single supply**
This type of separation is common in the bed and breakfast trade where one entity supplies the bed and another the breakfast. Another is in the livery trade where one entity supplies the stabling and another the hay to feed the animals.
- **Artificially separated businesses which maintain the appearance of a single business**
This type of separation includes pubs in which the bar and catering may be artificially separated. In most cases the customer will consider the food and the drinks as bought from the pub and not from two independent businesses. The relationship between the parties in such circumstances will be important here as truly franchised "shop within a shop" arrangements will not normally be considered artificial.
- **One person has a controlling influence in a number of entities which all make the same type of supply in diverse locations**
In this type of separation a number of outlets which make the same type of supplies are run by separate companies which are under the control of the same person. Although this is not as frequently encountered as some of the other situations, the resulting tax loss may be significant.

14.6 The meaning of financial, economic and organisational links

Again each case will depend on its specific circumstances. The following examples illustrate the types of factors indicative of the necessary links, although there will be many others:

Financial links

- financial support given by one part to another part;
- one part would not be financially viable without support from another part;
- common financial interest in the proceeds of the business.

Economic links

- seeking to realise the same economic objective;
- the activities of one part benefit the other part;
- supplying the same circle of customers.

Organisational links

- common management;
- common employees;
- common premises;
- common equipment.

14.7 How the measure will apply in particular circumstances

- Franchised businesses

Customs do not expect this measure to affect genuine, as opposed to artificial, franchising.

- **Hairdressers**

The existing agreement between the National Hairdressers Federation and Customs is used to determine whether or not a stylist working in a salon is an employee or a self-employed person. The new measure applies only to self-employed persons. Customs will amalgamate those self-employed stylists who are artificially separated provided that the legal criteria are met.

- **Self employed taxi drivers**

The ways in which taxi firms operate can vary. Only those firms which operate in such a way that the legal criteria are met will be registered by Customs as a single business.

- **Businesses already registered for VAT**

The measures enable Customs to register businesses which otherwise would not be registered for VAT. Consequently Customs will not use their powers to amalgamate when **all** of the parties involved are already VAT registered. However, where the powers are invoked, existing registrations will be cancelled from a current date and the newly amalgamated businesses will be registered with a new number.

- **Registration date for amalgamated businesses**

When Customs invoke the measures, the liability to be registered as a single business will take effect from the date of the direction, or such later date as may be specified in the direction.

- **Penalties**

The new measures do not introduce any fresh penalty provisions. However, should artificial separation continue as a means of avoiding VAT, the position on penalties will be reconsidered.

- **Appeals**

Businesses which disagree with Customs' decision will be able to appeal to the VAT and duties tribunal.

The basis of the Tribunal's decision will continue to be whether Customs could reasonably have been satisfied that there were grounds for treating all the separated parts as a single taxable person, given the legal criteria and the purpose of the legislation.

14.8 Advice on proposed separations

It is a matter for the parties concerned, after due consideration of all the relevant factors, to determine how to structure their business activities. Accordingly Customs will not advise on the VAT consequences of any proposed structure but local offices will give a decision when faced with an actual situation.

14.9 Responsibility for issuing directions

Responsibility for issuing directions will remain with local offices which should be contacted if you have any enquiries. However, the application of the new provisions will be closely monitored by Customs and Excise Headquarters.

15. How to complete application Form VAT1

Each of the following notes has the same number as the corresponding box on the application form. Please remember to write clearly. Please use black ink and write in CAPITAL LETTERS.

NOTE 1

Please give your full name

Sole proprietor: If you are a sole proprietor, give your title (for example Mr or Mrs) followed by your first names in full and your surname. Do not use initials.

Partnership: If your business is a partnership, give the firm's name. If there is none, then give the full names of all the partners. You must also fill in Form VAT2.

Corporate & Unincorporated bodies: If the business is a corporate or unincorporated body, give the name of the company, club, association, trust, charity, local authority etc.

NOTE 2

Please give your trading name

Write your trading name if it is different from the name given in question 1. Otherwise leave the box blank.

NOTE 3

What is the legal status of the business?

Tick one box only. If your business is a corporate body, please remember to give details of the certificate number and date of incorporation from your certificate of incorporation, as well as the country of incorporation.

If the business is an unincorporated body, please specify the type of body. Examples of these include:

clubs, associations, charities, non-profit making bodies such as colleges, nationalised organisations, trade associations, local authorities etc.

NOTE 4**Please give the address of your principal place of business**

Your principal place of business is the place where you receive and deal with your orders and carry on and manage the day-to-day business.

Please remember to give the postcode and phone number where we can contact you. Please give your fax and mobile phone number, your e-mail and internet address, if you have one.

NOTE 5**Describe your business activity**

Give a full description of what your business is about. For example, the type of goods and services you supply and whether your supplies are retail or wholesale. If you have not started trading, please give details of your intended business activities.

If your business has more than one business activity, please specify any significant subsidiary activities.

NOTE 6**Are you or any of the partners or directors in the business you are registering involved in running any other businesses, either as a sole proprietor, partner or director?**

Tick 'Yes' if you or any of the partners or directors of the business you are seeking to register are currently involved in other businesses in the UK or Isle of Man. Give the names of the businesses and VAT registration numbers (if they are VAT registered) in the boxes provided. If the company you are registering is a member of a corporate group, you need only give the name of your holding company and its VAT registration number or the VAT registration number of the UK VAT group containing your holding company. Continue on a separate piece of paper if you need to.

NOTE 7**Have you, or any of the partners or directors in the business you are registering been involved in running any other businesses either as a sole proprietor, partner or director in the last 2 years, (if not listed in question 6)?**

Tick 'Yes' if you or any of the partners or directors of the business you are seeking to register have been involved, and are no longer involved, in other businesses in the UK or Isle of Man in the last 2 years. Give the names of the businesses and VAT registration numbers (if they are VAT registered) in the boxes provided. If the only previous involvement of all the directors was in relation to companies which were members of a corporate group, you need only give the names of the holding companies and their VAT registration numbers or the VAT registration numbers of the UK VAT groups containing the holding companies. Continue on a separate piece of paper if you need to.

NOTE 8**Is your business involved in any other activities registered with or authorised by Customs and Excise?**

Tick the appropriate box if your business is involved in any other activities registered with, or authorised by, Customs and Excise.

NOTE 9**Are you the representative member of a VAT group?**

Tick 'Yes' if you are the nominated corporate body applying for VAT group treatment, which will allow two or more corporate bodies to account for VAT as a single taxable person.

As the representative member of the group you will be responsible for completing VAT returns and paying/reclaiming VAT on behalf of the members of the VAT group.

Remember to complete Forms VAT 50 and 51. For further guidance please refer to VAT Notice 700/2 *Group and Divisional Registration*.

NOTE 10**Do you think you will be repaid VAT regularly?**

Tick 'Yes' if you expect to receive regular repayments of VAT from us because the VAT on your supplies will normally be less than the VAT on what you buy.

NOTE 11**Do you use a computer for accounting?**

Tick 'Yes' if you keep your records on a computer. Please give details of the software and version of the package you use.

If you do not currently use a computer, but do so sometime in the future, please notify Customs and Excise in writing of the above details.

NOTE 12**Please give your bank details**

Please give your bank's sort code and account number, or Girobank account number.

NOTE 13**Have you made any taxable supplies yet?**

See paragraph 1.4 of this notice for a further explanation of 'taxable supplies'.

If you have started trading and made either standard-rated or zero-rated supplies in the course and furtherance of your business, answer 'Yes' here and give the date you made your first supply.

If you have not yet started trading, answer 'No' and give the date when you expect to start trading. You will also need to enclose written proof to show that you are going to make taxable business supplies by the date you have given.

Proof can include details of the arrangements you have made to date, copies of any contracts you may have, planning permission, details of any stock or equipment you have bought, patents you have applied for, or an option to tax certain supplies of land or buildings.

NOTE 14**Has your business been transferred to you as a going concern or are you changing the legal entity of the business?**

Tick 'Yes' if you have taken over a business or you are in the process of taking over a business registered for VAT as a going concern.

Tick 'Yes' if you are changing the legal status of the business (for example from sole proprietor to partnership).

Give the date of transfer in both instances above.

NOTES 15 & 16**Who was the previous owner and what was their VAT registration number?**

Where you have taken over a business or you are in the process of taking over a business as a going concern, you must provide the previous owner's name (in question 15) and registration number (in question 16). To transfer a business as a going concern, you must transfer some or all of the assets from one person to another and usually with no break in trading. Please refer to VAT Notice 700/9 *Transfer of a business as a going concern* for further information.

NOTE 17**Do you want to keep the VAT number?**

In certain circumstances you can apply to keep the previous owner's registration number. If you want to keep the number tick 'Yes' to question 17.

If you have merely changed the status of the business and wish to retain the VAT registration number tick 'Yes' to question 17.

You must also complete Form VAT 68 (Request for reallocation of a VAT registration number) to retain the VAT registration number, which you can obtain by contacting the National Advice Service on 0845 010 9000. Send this form in with your VAT 1 application form. For further information about the Form VAT 68, please refer to VAT Notice 700/9 *Transfer of a business as a going concern*.

If you have taken over or you are in the process of taking over a business a VAT registered business from someone else as a going concern, or changed the legal entity that owns the business then ignore questions 18 to 22 and proceed to question 23.

NOTE 18**Have your taxable supplies in the past 12 months or less gone over the registration limit, and/or has there been a point in the past when taxable supplies in the previous 12 months or less exceeded the registration limit?**

Tick 'Yes' if you have already gone over the VAT registration threshold and give the date when you went over the limit. Your effective date of registration will be the first day of the second month after your taxable supplies went over the VAT registration threshold. Please refer to section 3 of the notice for further detail.

If you have not gone over the registration limit tick 'No'.

NOTE 19**Do you expect the taxable supplies you will make in the next 30 days alone will exceed the registration limit, and/or has there been a date in the past when there were grounds for believing that your taxable supplies would exceed the registration limit in the next 30 days alone?**

Tick 'Yes' if the value of the taxable supplies you will make in the next 30 days alone is expected to go over the registration limit. You will also need to tick 'Yes' if sometime in the past you expected the value of your taxable supplies would exceed the VAT threshold in the next 30 days alone.

Give the date when you first expected your taxable supplies to exceed the VAT registration threshold in the next 30 days alone. This will be your effective date of registration. Please refer to section 3 for further advice.

Tick 'No' if you do not expect the value of your taxable supplies to go over the registration limit in the next 30 days.

Please note - if you must register for both reasons (ie you have ticked 'Yes' to both questions 18 and 19) your effective date of registration will be the earlier of the two possible dates.

Please remember - if you do not apply for registration on time, you may receive a fine. You will find more about this in VAT Notice 700/41 *Late registration penalty*.

NOTE 20**Do you wish to be registered from a date earlier than the date on which you are obliged to be registered?**

If you have ticked 'Yes' to either question 18 or 19, or both, but you wish to have an earlier date of registration, then tick 'Yes' to this question.

If you have ticked 'No' to both these questions and you still wish to register for VAT, please proceed to question 22.

NOTE 21**From what date would you like to be registered from?**

Fill in the date you want to be registered from if this is earlier than the date you are required to be registered.

Please note that a date earlier than three years from the date you are required to be registered will not be accepted.

Important: If you request an earlier date than the one on which you are obliged to be registered, and we agree it, you must account for output tax on all your taxable supplies from that earlier date. Once the date is agreed it cannot be altered afterwards (unless it comes to light that you were liable to be registered from an earlier date than the one that was agreed).

NOTE 22

You do not need to be registered, but you want to be registered

(Ignore this question if you have ticked 'Yes' to any of questions 14, 18 to 21)

You can apply for registration if you are:

- (a) already making taxable supplies below the registration limit, see paragraph 2.3 of this notice; or
- (b) not yet making taxable supplies but are planning to do so, see paragraph 2.3 of this notice; or
- (c) making or intending to make supplies only outside the UK (which would be taxable if made in the UK) or supplies of finance services, insurance services or supplies of investment gold to customers in countries outside the European Community, and you have a business establishment (including a branch or agency) or usual place of residence in the UK. Please refer to paragraphs 1.6 and 1.8 of this notice for further details. Where you are intending to trade, you must enclose evidence to prove this.

Tick 'Yes' to any one of the options if you want to register for VAT on a voluntary basis.

Fill in the date you would like to be registered from, please note that any date more than three years before the date of application will not be accepted.

Important: The date you put in Box 22, once agreed by us, is the date from which your registration will take effect. You must account for output tax on all your taxable supplies from that date. Once a date is agreed, you cannot change your mind and ask us to alter your voluntary registration to a different date. Please make sure, therefore, that the date you put in Box 22 is the date from which you wish to be registered.

NOTE 23

Please give the value of taxable supplies you think you will make in the next 12 months

Remember to include reduced-rate and zero-rated supplies in this figure.

NOTE 24

Do you expect to make exempt supplies?

Please tick the appropriate box. If you have ticked 'Yes', give the value of exempt supplies you think you will make in the next 12 months.

Exempt supplies are business supplies which do not attract VAT at either the standard, reduced or zero rate. For examples of exempt supplies, please see paragraph 1.6 of this notice. Exempt supplies do not form part of your taxable turnover.

NOTE 25

What value of goods are you likely to sell to or buy from other EU Member States?

Complete this question if your business will be trading in goods with another Member State of the EU. Give the value of goods you think you will supply and the value of goods you think you will buy in the 12 months following the date of registration. Do not include the value of any services unless they are directly related to moving goods (for example, commission, freight insurance and so on).

As well as the United Kingdom, the following countries are members of the European Union:

Austria	Finland	Greece	Luxembourg	Spain
Belgium	France	Ireland	Netherlands	Sweden
Denmark	Germany	Italy	Portugal	

NOTE 26

Do you want exemption from registration because your taxable supplies are wholly or mainly zero-rated?

You can apply for exemption from registration if your taxable supplies are all or nearly all zero-rated (paragraph 2.7 in section 2 explains this in more detail).

Tick 'Yes' if you want to apply for exemption from registration. Also, give the value of zero-rated supplies you expect to make in the next 12 months.

NOTE 27

Please give details of your home address and National Insurance Number

Only the person(s) detailed below should provide their home address for the last 3 years and National Insurance number or Tax Identification Number (if you do not have a National Insurance number).

For sole proprietors:	The sole proprietor, ie the owner.
For partnerships	All the partners.
For corporate bodies	<ul style="list-style-type: none"> • A director, company secretary or authorised signatory. For authorised signatories, written approval from a director or a company secretary, showing their home address and National Insurance number should be submitted with the VAT 1 form. • A partner for limited liability partnerships
For unincorporated bodies	<ul style="list-style-type: none"> • An authorised official eg <i>for members clubs</i> a secretary or chairman, <i>for trusts</i> a trustee or beneficiary, <i>for professional associations</i> a president or secretary etc.

NOTE 28**Declaration**

As per note 27. However, for partnerships, only one of the partners needs to sign the VAT 1 form.

16. How to complete application Form VAT1A

Each of the following notes has the same number as the corresponding box on the application form.

Please remember to write clearly. Please use black ink and write in CAPITAL LETTERS.

Note 1

Please give your full name.

Sole proprietor: If you are a sole proprietor, give your title, (for example Mr or Mrs) followed by your first names in full and your surname. Do not use initials.

Partnership: If your business is a partnership, then give the firm's name. If the firm does not have a name, give the full names of all the partners. You must also fill in Form VAT 2.

Corporate or Unincorporated bodies: If the business is a corporate or unincorporated body, give the name of the company, club, association, trust, charity, local authority etc.

Note 2

Please give the name of the UK tax representative or agent if you have chosen to appoint one.

If you have no business establishment in the UK and are appointing a tax representative you will also need to complete Form VAT1TR.

If you are appointing an individual to act on your behalf, enter their title (for example Mr or Mrs) followed by their first names in full and their surname.

If you are appointing a partnership, then give the full name of the firm.

If you are appointing a company, give the company name.

If you are appointing an agent to act on your behalf enter the agent's name in this box. Remember that we will need a letter of authorisation signed by you giving details of the person you have appointed.

Note 3

Please give either the address of the appointed tax representative (not agent), or the address of the person named at box 1 if a tax representative has not been appointed.

Give the address of your UK tax representative, or the address of your principal place of business. Your principal place of business is the place where you receive and deal with your orders and carry on and manage the day-to-day business. Please remember to include the postcode and telephone number where we may contact you or your tax representative.

Note 4

Describe your main business activity.

Give a full description of what your business is about. For example the type of goods you supply to your UK customers and whether your supplies are wholesale or retail. If you have not yet started trading, please give details of your intended business activities.

If your business has more than one business activity, please specify any significant subsidiary activities.

Note 5

Who owns the business?

Tick one box only. This should be the status of the person named in box 1.

Note 6

Enter details of your UK bank or your tax representative's bank details.

Only give details if either you or your tax representative has a UK bank account (not your agent). Please give the bank sort code and account number, or Girobank number. We need this information so that we may repay any VAT which is owed to you directly into that bank account.

Please note: If you give us details of your tax representative's account then any repayments will be made directly into that bank account.

Note 7**Do you use a computer for accounting?**

Tick the 'Yes' box if you keep any part of the records used for completion of your VAT return on a computer. Please enclose a letter, with your completed application giving details of the software and version of the package you use. If someone else owns the computer (for example a computer bureau) please enclose details with your application. We need this information so that a suitably trained officer may look at your records.

Note 8**Has the value of your distance sales to customers in the UK exceeded the distance selling threshold at any time during a calendar year?**

Tick 'Yes' if at any time during any calendar year beginning 1 January you have already exceeded the UK distance selling threshold. Please give the date you exceeded the threshold. You can then proceed to question 11.

The current UK distance selling threshold can be found in the supplement to this notice.

If your sales have not at any time exceeded the distance selling threshold, tick 'No' and proceed to question 9.

Note 9**Have you opted to make the place of supply the UK although you have not exceeded the UK distance selling threshold?**

Tick 'Yes' if you have already opted to make the place of supply the UK. Give the name of the EC Member State where, and the date when, you exercised the option in the boxes provided. You should also give the date you made your first supply in the UK.

You must also provide written evidence to show that you have informed your own fiscal authority of the option you have exercised.

Tick 'No' if you have not opted to make the place of supply the UK and proceed to question 10.

Note 10**Do you intend to make distance sales of excise goods into the UK?**

Tick 'Yes' if you intend to make such supplies under the distance selling arrangements. Please give the estimated date of your first taxable supply into the UK.

Tick 'No' if you do not intend to make such supplies and proceed to question 12.

Note 11**From what date must you be registered for UK VAT?**

If you are required to be registered for UK VAT because the value of your distance sales to the UK has exceeded the distance selling threshold during a calendar year, then the date you should give is the one on which your sales exceeded the threshold. If you have opted to make the place of supply the UK then you are **required** to be registered from the date of your first supply following the option.

If you make distance sales of excise goods into the UK you are **required** to be registered from the date of your first supply.

If you want to be registered from an earlier date, complete the second part of this question and proceed to question 13.

Important: If you apply for an earlier registration date, and we agree it, this is the date your registration will take effect. You will not be able to change your mind afterwards, so please make sure that, if you request an earlier date in Box 11, this is the date from which you wish to be registered. Remember you will be liable to account for any tax from this date.

Note 12**Do you intend to exercise the option to make the UK the place of supply of your distance sales?**

Tick 'Yes' if you intend to exercise the option to tax in the UK at a future date and give the estimated date of your first taxable supply in the UK. If you wish to be registered from a date earlier than that of your first taxable supply in the UK then enter the date in the box provided. Remember that when you do exercise the option, you should provide us with written evidence indicating that you have informed your own fiscal authority.

Important: If you apply for an earlier registration date, and we agree it, this is the date your registration will take effect. You will not be able to change your mind afterwards, so please make sure that, if you request an earlier date in Box 12, this is the date from which you wish to be registered. Remember you will be liable to account for any tax from this date.

Note 13**Please enter the estimated value of distance sales you expect to make to the UK in the next 12 months.**

Give the anticipated annual value of goods you expect to supply to the UK under the distance selling arrangements.

Note 14**Declaration**

Only the person specified below should sign the declaration and tick the appropriate box:

For sole proprietors	The sole proprietor, ie the owner
For partnerships	One of the partners
For corporate bodies	<ul style="list-style-type: none"> • A director or company secretary.
For unincorporated bodies	<ul style="list-style-type: none"> • An authorised official eg <i>for members clubs</i> a secretary or chairman, <i>for trusts</i> a trustee or beneficiary, <i>for professional associations</i> a president or secretary etc

17. How to complete application Form VAT1B

Each of the following notes has the same number as the corresponding box on the application form.

Please remember to write clearly. Please use black ink and write in CAPITAL LETTERS.

Note 1

Please give your full name.

Sole proprietor: If you are a sole proprietor, give your title, (for example Mr or Mrs) followed by your first names in full and your surname. Do not use initials.

Partnership: If your business is a partnership, then give the firm's name. If the firm does not have a name, give the full names of all the partners. You must also fill in Form VAT 2.

Corporate or Unincorporated bodies: If the business is a corporate or unincorporated body, give the name of the company, club, association, trust, charity, local authority etc.

Note 2

Please give your trading name

Write your trading name if it is different from the name given in question 1. Otherwise leave the box blank.

Note 3

Please give the address of your principal place of business

Your principal place of business is the place where you receive and deal with your orders and carry on and manage the day-to-day business. Please remember to give the postcode and phone number where we can contact you. Please give your fax number, if you have one.

Note 4

Describe your main business activity

Give a full description of what your business is about. For example, the type of goods and services you provide and whether your supplies are retail or wholesale. Also, please describe the type of goods you acquire or have acquired from other EC countries. Continue on a separate sheet of paper if necessary and attach this to your application form.

If your business has more than one business activity, please specify any significant subsidiary activities.

Note 5

Who owns the business?

Tick one box only. This should be the status of the person named in box 1. If the business is a corporate body, please remember to give the number and the date shown on your Certificate of Incorporation.

Note 6

Please give your bank details

Please give your bank's sort code and your account number, or Girobank account number.

We need this information so that we may repay any VAT, which is owed to you directly into that bank account.

Note 7

Do you use a computer for accounting?

Tick 'Yes' if you keep your records on computer. Please enclose a letter, with your completed application giving details of the software and version of the package you use. If someone else owns the computer (for example a computer bureau) please enclose details with your application.

Note 8

Have you made any acquisitions yet?

Tick 'Yes' if you have started to acquire goods from VAT registered suppliers in other EU Member States and give the date you made your first acquisition (these arrangements do not apply to services).

Tick 'No' if you have not yet started making acquisitions and give the date when you expect to start. You will also need to send us written proof to show that you are going to make acquisitions by the date given at question 12.

As well as the United Kingdom, the following countries are members of the European Union:

Austria	Finland	Greece	Luxembourg	Spain
Belgium	France	Ireland	Netherlands	Sweden
Denmark	Germany	Italy	Portugal	

Note 9**Has the value of your acquisitions exceeded the registration limit at any time in the calendar year?**

Tick 'Yes' if you have already gone over the acquisition threshold and give the date you went over the limit. In the following box please provide the value of your acquisitions from 1 January.

Tick 'No' if you have not gone over the limit and give the value of your acquisitions from 1 January.

Note 10**Do you expect the acquisitions you will make in the next 30 days alone will exceed the registration limit?**

Tick 'Yes' if the value of the acquisitions you will make in the next 30 days alone is expected to go over the threshold.

Tick 'No' if you are not likely to go over the limit and go to question 12.

Note 11**From what date must you be registered for VAT?**

If you have already gone over the limit during the calendar year commencing 1 January you must register for VAT. Your registration date will be the first day of the second month after you exceeded the limit.

If you think that the acquisitions you will make in the next 30 days alone will go over the limit you must register for VAT on the date you think you will go over the limit.

If you want to be registered from an earlier date fill in the second part of question 11.

Important: If you apply for an earlier registration date, and we agree it, this is the date your registration will take effect. You will not be able to change your mind afterwards, so please make sure that, if you request an earlier date in Box 11, this is the date from which you wish to be registered. Remember you will be liable to account for any tax from this date.

Note 12**I do not need to be registered, but I want to be registered**

You can apply for registration if you are already making acquisitions below the registration limit or if you are not yet making acquisitions but you are going to in the future. Give the date, from which you want to be registered.

Important: The date you put in Box 12, once agreed by us, is the date from which your registration will take effect. You must account for output tax on all your acquisitions from that date. Once a date is agreed, you cannot change your mind and ask us to alter your voluntary registration to a different date. Please make sure, therefore, that the date you put in Box 12 is the date from which you wish to be registered.

Note 13**Do you make taxable supplies in the UK?**

Tick 'Yes' if you make taxable supplies in the UK as well as acquiring goods from other EC countries, and give an estimated value of these supplies.

Tick 'No' if you do not make taxable supplies in the UK.

Note 14**Do you want exemption from registration because all your acquisitions are zero-rated?**

You can apply for exemption from registration if all of the goods you acquire would be zero-rated had they been taxable supplies made by a taxable person in the UK.

Tick 'Yes' if you want to apply for exemption from VAT registration. Also, give the value of the zero-rated acquisitions you expect to make in the next 12 months.

Tick 'No' if you do not want exemption from VAT registration.

Note 15**Declaration**

Only the person specified below should sign the declaration and tick the appropriate box:

For sole proprietors	The sole proprietor, ie the owner
For partnerships	One of the partners
For corporate bodies	<ul style="list-style-type: none"> A director or company secretary.
For unincorporated bodies	<ul style="list-style-type: none"> An authorised official eg <i>for members clubs</i> a secretary or chairman, <i>for trusts</i> a trustee or beneficiary, <i>for professional associations</i> a president or secretary etc.

18. How to complete application Form VAT1C

Each of the following notes has the same number as the corresponding box on the application form.

Please remember to write clearly. Please use black ink and write in CAPITAL LETTERS.

Note 1**Please give your full name.**

Sole proprietor: If you are a sole proprietor, give your title, (for example Mr or Mrs) followed by your first names in full and your surname. Do not use initials.

Partnership: If your business is a partnership, then give the firm's name. If the firm does not have a name, give the full names of all the partners. You must also fill in Form VAT2.

Corporate or Unincorporated bodies: If the business is a corporate or unincorporated body, give the name of the company, club, association, trust, charity, local authority etc.

Note 2**Please give the trading name of the business**

Tick 'Yes' if your trading name is different from the name given in question 1. Please provide the trading name in the following box.

Tick 'No' if you do not have a separate trading name and leave the box blank.

Note 3**Please give the address of your principal place of business**

Your principal place of business is the place where you receive and deal with your orders and carry on and manage the day-to-day business.

Please remember to give the postcode and phone number where we can contact you.

Please give your fax number, if you have one.

Note 4**Please give details about your tax representative**

If you have no business establishment in the UK and are appointing a tax representative you will also need to complete Form VAT1TR.

If you are appointing an individual to act on your behalf, enter their title (for example Mr or Mrs) followed by their first names in full and their surname.

If you are appointing a partnership, then give the full name of the firm.

If you are appointing a company, give the company name.

You should also give the address of your UK tax representative. This is the address where they carry out your tax obligations on your behalf. Please remember to include the postcode and telephone number where we may contact your tax representative. Please also give the fax number if there is one.

Note 5**What is the structure/legal status of the business?**

Tick one box only. This should be the status of the person named in box 1. If the business is a corporate body, please remember to give the number and the date shown on your Certificate of Incorporation.

Note 6**Tell us about your current or intended business activities**

Give a full description of what your business is about, for example the type of goods you supply to your UK customers. If you have not yet started trading please give details of your intended business activities.

If your business has more than one business activity, please specify any significant subsidiary activities.

Note 7**Please give your UK bank details or your tax representative's bank details**

Only give details if either you or your tax representative has a UK bank account (not your agent). Please give the bank sort code and account number, or Girobank number. We need this information so that we may repay any VAT which is owed to you directly into that bank account.

Please note: If you give us details of your tax representative's account then any repayments will be made directly into that bank account.

If you or your tax representative does not have a UK bank account, please tick the box.

Note 8**Is your accounting system computerised?**

Tick the 'Yes' box if you keep any part of the records used for completion of your VAT return on a computer. Please enclose a letter, with your completed application giving details of the software and version of the package you use. If someone else owns the computer (for example a computer bureau) please enclose details with your application. We need this information so that a suitably trained officer may look at your records.

Note 9**Have you made any relevant supplies yet?**

If you have already made a relevant supply answer 'Yes' here and give the date you made the first supply.

If you have not yet made a relevant supply answer 'No' then enter the date on which you expect to make the supply.

Note 10**When did you first have reasonable grounds to believe that you were going to make relevant supplies?**

Please give the date that reasonable grounds first existed that you were going to make relevant supplies.

You must answer this question even if you have already made relevant supplies.

Note 11**What value of relevant supplies do you expect to make in the next 12 months?**

Give the anticipated total annual value of relevant supplies you expect to make in the UK. This excludes any other taxable supplies you expect to make.

Note 12**Do you make any other taxable supplies in the UK?**

Tick 'Yes' if you make other taxable supplies in the UK as well as relevant supplies, and give an estimated value of these sales. Exclude the value of relevant supplies from this estimate.

Tick 'No' if you do not make any other taxable supplies in the UK.

Note 13**Are you registering because VAT has been recovered by a predecessor?**

Tick 'Yes' if you have supplied goods, or intend to supply goods, which have been transferred to you and on which VAT has been recovered under either the Eighth or Thirteenth Directive refund scheme.

If you ticked 'Yes', please enter the full name of the person(s) who has previously recovered VAT on the goods which have been transferred to you.

If VAT has not been recovered by a predecessor tick 'No'.

Note 14**Do you want exemption from registration because your relevant supplies are all zero-rated?**

You can apply for exemption from registration if you do not have to pay VAT to us because your relevant supplies are zero-rated.

Tick 'Yes' if you want to apply for exemption from registration and enter the value of the zero-rated relevant supplies you expect to make in the next 12 months.

Tick 'No' if you do not want exemption from VAT registration.

Note 15**Are you involved in, or have you been involved in, any other businesses in the past 5 years?**

Tick 'Yes' if anyone in your business is currently involved or has been involved in the last 5 years in another VAT registered business in the UK or Isle of Man. This means anyone involved in running any other businesses as either a sole proprietor, a partner or a director. Give the registration numbers of the other businesses in the box provided. Continue on a separate piece of paper if you need to.

Note 16

Declaration

Only the person specified below should sign the declaration and tick the appropriate box:

For sole proprietors	The sole proprietor, ie the owner.
For partnerships	One of the partners.
For corporate bodies	<ul style="list-style-type: none"> • A director or company secretary.
For unincorporated bodies	<ul style="list-style-type: none"> • An authorised official eg <i>for members clubs</i> a secretary or chairman, <i>for trusts</i> a trustee or beneficiary, <i>for professional associations</i> a president or secretary etc.

19. How to complete application Form VAT1TR to appoint a tax representative in the UK

Each of the following notes has the same number as the corresponding box on the form.

Please remember to write clearly. Please use black ink and write in CAPITAL LETTERS.

Note 1**Who owns the business?**

Give the full name of the person who owns the business. This should be the same as box 1 on your application form. Also provide the address of the principal place of business, which is making distance sales to the UK. Your principal place of business is the place where you receive and deal with your orders and carry on and manage the day-to-day business.

Please remember to give the postcode and phone number where we can contact you.

You should also give your existing VAT registration number issued by the country of origin in the EC and your UK VAT registration number, if you already have one.

Note 2**Enter the full name and address of the tax representative in the UK.**

Please give the full name and address of your tax representative. Remember to give the postcode and telephone number where we may contact your tax representative. This information should be identical to the information supplied in boxes 2 and 3 of application Form VAT 1A or box 4 of application Form VAT1C.

Note 3**Please give the date of appointment of the tax representative and VAT registration number, if any.**

Enter the date you appointed your tax representative. You should also give your tax representative's VAT registration number, if they are already registered.

Note 4**Declaration.**

The declaration must be signed and dated by both the owner **AND** the tax representative. Only the person specified below, for both the owner and tax representative should sign the declaration and tick the appropriate box:

For sole proprietors:	The sole proprietor, i.e. the owner.
For partnerships	All the partners.
For corporate bodies	<ul style="list-style-type: none"> • A director, company secretary or authorised signatory. For authorised signatories, written approval from a director or a company secretary, showing their home address and National Insurance number should be submitted with the VAT 1 form. • A partner for limited liability partnerships.
For unincorporated bodies	<ul style="list-style-type: none"> • An authorised official e.g. <i>for members clubs</i> a secretary or chairman, <i>for trusts</i> a trustee or beneficiary, <i>for professional associations</i> a president or secretary etc.

Do you have any comments?

We would be pleased to receive any comments or suggestions you may have about this notice. Please write to:

**HM Customs and Excise
Taxable Persons Team
4th Floor East
New Kings Beam House
22 Upper Ground
LONDON
SE1 9PJ**

Please remember to send your application to the address given in the supplement to this notice.

If you have a complaint or suggestion

If you have a complaint about our service, or a suggestion on how we can improve it, you should contact your local office or the port or airport. You will find the phone number under "Customs and Excise - complaints and suggestions" in your local phone book. Ask for a copy of our code of practice on complaints (Notice 1000). You will find further information on our website at <http://www.hmce.gov.uk>. If we cannot settle your complaint to your satisfaction, you can then ask the Adjudicator to look into it.

The Adjudicator, whose services are free, is an impartial referee whose recommendations are independent.

The address is:

**The Adjudicator's Office
Haymarket House
28 Haymarket
LONDON
SW1Y 4SP**

Phone: (020) 7930 2292

Fax: (020) 7930 2298

E-mail: adjudicators@gtnet.gov.uk

Internet: <http://www.adjudicatorsoffice.gov.uk/index.htm>

Update 1 October 2002

This leaflet amends an error in paragraph 1.8 of this notice

Para 1.8 What if I only supply goods or services abroad?

Delete paragraph 1.8

'If you have a business National Registration Service for further advice.'

Insert new paragraph 1.8

'If you have a business establishment in the UK (including a branch or agency) or your usual place of residence is the UK, but you only supply goods or services to customers based outside of the UK (which would have been taxable if made in the UK), then you are able to register for VAT on a voluntary basis as long as you receive taxable supplies from UK VAT registered businesses or import goods into the UK. If you think you might be able to register, you should phone our National Advice Service for further advice.'

**Notice 700/1 issued May 2002
Update 2 issued April 2004**

These changes update the list of members of the European Union with effect from 1 May 2004 and affect Section 15, Note 25 (page 57) and Section 17, Note 8 (page 66).

15 How to complete application Form VAT1

Note 25 What value of goods are you likely to sell to or buy from other EU Member States?

Replace the table within these notes with the following:

Austria	Estonia	Hungary	Luxembourg	Slovenia
Belgium	Finland	Iceland	Malta	Slovakia
Cyprus*	France	Italy	Netherlands	Spain
Czech	Germany	Latvia	Poland	Sweden
Denmark	Greece	Lithuania	Portugal	

*The European Commission has advised that, as the situation stands at present, the application of the 6th Directive shall be suspended in those areas of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control. Transactions with those areas will continue from 1 May 2004 to be treated as non-EU transactions.

17 How to complete application Form VAT1B

Note 8 Have you made any acquisitions yet?

Replace the table within these notes with the following:

Austria	Estonia	Hungary	Luxembourg	Slovenia
Belgium	Finland	Iceland	Malta	Slovakia
Cyprus*	France	Italy	Netherlands	Spain
Czech	Germany	Latvia	Poland	Sweden
Denmark	Greece	Lithuania	Portugal	

*The European Commission has advised that, as the situation stands at present, the application of the 6th Directive shall be suspended in those areas of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control. Transactions with those areas will continue from 1 May 2004 to be treated as non-EU transactions.