

Foreword

This notice cancels and replaces Notice 700/1 May 2002. Details of any changes to the previous version can be found in paragraph 1.1 of this notice.

Further help and advice

If you need general advice or more copies of HM Revenue & Customs notices, please ring the **VAT Excise and Customs Duties Advice Line** 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

[700/11 Cancelling your registration](#)

[700/9 Transfer of a business as a going concern](#)

[725 Single Market](#)

1. VAT registration: basic information

1.1 Details of the technical changes from the previous edition:

This notice has been revised to improve readability; some of the technical content has changed from the May 2002 edition.

- Paragraph 1.5 provides a fuller explanation of the meaning of a taxable supply.
- Paragraph 2.7 clarifies what happens if a request for exception from registration is refused.
- Paragraph 2.8 gives details how registration is affected by a 'Transfer of a Going Concern'.
- Paragraph 2.13 clarifies what happens if a request for exemption from registration is refused.

- Paragraph 4.1 confirms that you will be liable to account for VAT from the date of registration, which may be before you receive your VAT number.
- Notes on completion of form VAT1, VAT1A, VAT1B, VAT1C and VAT1TR have been removed from this notice and can now be found separately.

1.2 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 sales from the EU into the UK: distance sales (see section 5);
- acquire goods into the UK from the EU: relevant acquisitions (see section 6);
- sell certain assets: relevant supplies (see section 7); or
- make taxable supplies in the UK, but are not resident here (see section 8).

The notice also includes a Statement of Practice on how we will treat the artificial separation of business activities (section 13).

1.3 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 Union (EU) and on goods and services coming into the UK from another EU 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.

1.4 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	e.g. fuel and power used in the home and by charities; women's sanitary products (see paragraph 1.7)
0%	zero rate	certain goods and services on which you do not need to charge VAT (see paragraph 1.6)

1.5 What are taxable supplies?

This is a legal term that many people find confusing.

In most cases '**supply**' simply means the sale of goods or services including barter, but this can also include '**deemed supplies**' (see below).

The law defines '**taxable supplies**' as any supply made in the UK that is not exempt from VAT (see Notice 700/39 VAT Liability Law).

That is, any supply, which is not exempt, is a **taxable supply**, whether the supplier is VAT registered or not. Taxable supplies include those that are zero-rated. A person is not required to account for VAT on taxable supplies that are made at a time when he is not required to be VAT registered and is not VAT registered voluntarily.

'Deemed supplies'

This is a measure to prevent some tax avoidance schemes.

'Deemed supplies' include;

- some services you receive from overseas (see Notice 741, section 15). Although you receive the supply you are '**deemed**' also to have made the supply
- where you use your own labour to construct a building for you own business use the in certain circumstances the value of the labour is **deemed** to have been supplied by you (see notice 708, section 25).

You should take further advice if you think this applies to you.

If the value of your taxable supplies is over a specified threshold, you are required to register for VAT; see paragraph 2.1. If you are registered for VAT, you must account for VAT on all your (non zero-rated) taxable supplies from the date that you are first registered.

1.6 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 701/39 VAT Liability Law.

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 2.13).

1.7 What are reduced rate supplies?

These are taxable supplies on which the current VAT rate is 5%. Examples include:

- Supplies of domestic fuel or power;
- Installation of energy-saving materials;
- Grant-funded installation of heating equipment or security goods or connection of gas supply;
- Women's sanitary products;
- Children's car seats;
- Residential conversions; and
- Residential renovations and alterations.

This list is not exhaustive and further information regarding reduced-rated supplies can be found in Notice 701/39 VAT Liability Law.

1.8 What are exempt supplies?

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

Examples include:

- certain 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 701/39 VAT Liability Law.

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.

1.9 Specified supplies: Insurance, finance and investment gold

Specified supplies are supplies that are normally exempt if supplied in the UK.

However, if you make supplies of finance or insurance services or of investment gold to customers in countries outside the European Union, you may register on a voluntary basis, in order to claim back any input tax you have paid in respect of these specified supplies.

The supply of insurance and finance services (including intermediary services) that are directly linked to the export of goods from within the EU to outside the EU, regardless of where the recipient of the supply is established are also specified supplies.

If you are making this type of supply and think you might be able to register, you should telephone our VAT Excise and Customs Duties Advice Line for further information.

1.10 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 account for 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 2.4 of this notice) or whether you wish to be registered on a voluntary basis (see paragraph 2.9 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 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 Option to Tax unit in Glasgow, 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 it with your Form VAT1.

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

1.11 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 on which you would be entitled to recover input tax.

If you think you might be able to register, you should telephone our VAT Excise and Customs Duties Advice Line for further advice.

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

If you take over a VAT registered business, or part of a business, from someone else, as a going concern, you may be liable to be registered (see paragraph 2.8). If you are liable to be registered your registration date will be the date you take over the business.

You may be able to transfer the previous VAT registration number to yourself.

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.

1.13 What if I have been registered for VAT before?

When applying for registration, you should tell us if you have been or 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.

1.14 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 1.5); **or**
- (b) distance sales (see section 5); **or**
- (c) relevant acquisitions (see section 6),

go over the current registration thresholds

- (d) when you take over a VAT registered business as a going concern (but see paragraphs 1.12 and 2.8 for further information).

If you make distance sales into the UK 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; there is no threshold to cross.

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 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 Registration Thresholds

For details of past and current registration thresholds please contact the VAT Excise and Customs Duties Advice Line on 0845 010 9000, or visit our web-site at www.hmrc.gov.uk

2.3 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
<p>taxable supplies in the UK (see paragraph 1.5)</p> <p>To calculate the value of your taxable supplies see paragraph 2.4.</p>	<p>(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 threshold (see paragraph</p>

	<p>2.3); or</p> <p>(b) at any time, you expect the value of your taxable supplies in the next 30 day period alone, to go over the registration threshold.</p>
<p>distance sales in the UK (see section 5)</p>	<p>at any time during the calendar year from 1 January, your total distance sales go over the distance sales threshold.</p> <p>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).</p>
<p>acquisitions in the UK (see section 6)</p> <p>To calculate the value of your relevant acquisitions see Notice 725 The Single Market.</p>	<p>(a) at the end of any month, the total value of your relevant acquisitions from all other EU states in the year, or part year, from 1 January has gone over the registration threshold; or</p> <p>(b) it is reasonable to assume that the value of the relevant acquisitions you will make in the following 30-day period alone will be over the registration threshold.</p>
<p>relevant supplies (see section 7)</p>	<p>(a) you make any relevant supplies in the UK; or</p> <p>(b) at any time you have reasonable grounds to believe you will make relevant supplies within the next 30 days.</p>

2.4 How to calculate the value of your taxable supplies

If you are making taxable supplies (see paragraph 1.5), 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 (including zero-rated) 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 1.8).

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

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.

2.5 How to calculate the value of your distance sales

When working this out, 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.

2.6 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 (VAT group), 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.

2.7 Do I have to register if I have reached the thresholds 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 threshold within 30 days of the end of that month, but you will not have to fill in any forms; unless you are refused exception from registration.

If you are granted exception from registration you do not become immune from a later liability to register for 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. The granting of exception does not create a cut-off date which means you must continue to include 'pre-exception' turnover in your calculations. If a further liability arises you will have to apply again for exception, if appropriate.

If your application for exception is not accepted by HMRC you will be registered for VAT from the day you were otherwise liable to be registered (see paragraph 3.3) and you will need to account for VAT from that date. Therefore any application should be submitted as early as possible with a full explanation to enable HMRC to reach a decision in good time.

2.8 Registering following a Transfer of Business as a Going Concern

Where a business (or part business) is transferred as a going concern from an owner who was, **or was required to be**, VAT registered, you must do the following:

- look at the value of the taxable supplies made by the business being transferred in the 12 months prior to the transfer.
- add that value to the value of any taxable supplies you have made in the 12 months prior to the transfer.

If the total value of these supplies exceeds the registration threshold in force on the day of transfer you will be required to register for VAT from that date, unless you qualify for exemption from registration (see paragraph 2.13)

If the total value of these supplies does not exceed the registration threshold you will not be required to register at that time; however, you must continue to include the relevant value of taxable supplies of the business that was transferred in subsequent month-end calculations. Once the threshold is exceeded you should register as normal (see paragraph 2.4).

You must also obtain and preserve the business records relating to the taxable turnover for the business being transferred from the seller. If the seller requests permission from HMRC to retain the records then you should obtain and preserve a copy.

If you wish to continue to use the VAT number of the previous owner you and the seller will need to complete a Form VAT 68.

2.9 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 thresholds 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 (non zero-rated) taxable supplies, distance sales and acquisitions from that date;
- cannot normally apply later to change the date; and
- can recover input tax incurred in respect of your taxable supplies from that date.

Applications to be registered for VAT must be made using the forms referred to in paragraph 3.1

2.10 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.

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.

In some cases we may ask you to submit evidence of your intention to make taxable supplies.

2.11 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 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.

2.12 Applying for voluntary registration when you make relevant acquisitions

You may apply for voluntary registration if you can demonstrate to us that you are making, or intend to make, relevant acquisitions, even if the value of those relevant 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 relevant acquisitions.

2.13 Exemption from Registration

If all or most of your taxable supplies, or relevant acquisitions, are zero-rated (see paragraph 1.6), 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 account for 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.

If your application for exemption is not accepted by HMRC you will be registered for VAT from the day you were otherwise liable to be registered (see paragraph 3.3) and you will need to account for VAT from that date. Therefore any application should be submitted as early as possible with a full explanation to enable HMRC to reach a decision in good time.

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 addresses can be found at the back of this notice. The table below tells you which form you must use to notify us of your liability to register.

Subject to certain conditions you can register for VAT on-line over the Internet. You can also ask an agent to fill in the on-line registration form on your behalf. However, as the person registering you will be responsible for the accuracy of the submitted application. The service and full terms and conditions of its use can be found on the HMRC web site at www.hmrc.gov.uk

You can get the forms by telephoning the VAT Excise and Customs Duties Advice Line. They are also available from our Internet website at www.hmrc.gov.uk

If your turnover has exceeded the thresholds (or if you are seeking exemption from registration – see paragraph 2.13) you should complete the relevant form below:

Taxable supplies - VAT1

Distance sales - VAT1A

Relevant acquisitions - VAT1B

Relevant supplies - VAT1C

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

3.2 When must I notify you?

Where you are liable to register because at the end of any month 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 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-day period 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 30-day 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 2.4); or (b) expect to go over the registration threshold within the next 30-day period alone.	first day of the second month after your taxable supplies went over the registration threshold. date you first expected your taxable supplies to go over the registration threshold.
Distance sales	need to register because the value of your distance sales in the year or part year from 1 January went over the distance sales threshold.	date that your sales exceeded the threshold.
Relevant acquisitions	(a) need to register because the total value of relevant acquisitions from all other EU States in the year or part year from 1 January went over the registration threshold; or (b) think that the value of the relevant acquisitions you will make in the next 30-day period alone will be over the registration threshold.	first day of the second month after this happened. date you first expected this would happen.
Relevant supplies	(a) make a relevant supply; or (b) expect to make a	date of your first supply. the date you first expected

	relevant supply within the next 30 days.	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.
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If you must register for taxable supplies or relevant 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 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

(c) If you make relevant acquisitions

If the date	You must fill in and send us form VAT1B by	And your registration date will be
your relevant acquisitions rose above the registration threshold was 31 May	30 June	1 July

you expect your relevant acquisitions will be over the acquisition threshold in the following 30 days alone is 20 January	21 February	20 January
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(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?

When we receive your application we need to check all the details before we can tell you your VAT registration number. If you provide us with a complete and accurate application, we aim to send your certificate showing your full registration details within 15 working days of receipt of your form. We advise that you do not contact us within this time, as this may delay the processing of applications. If you have not heard from us after 15 working days, contact our National Registration Service to make sure that they have received your application. The application may take longer to process if we require further information from you.

We will also send you a CD ROM entitled "Introduction to VAT" which gives information on all the basic VAT rules and procedures and provides links to appropriate notices and forms on our website. If you are unable to use the CD ROM, you will be able to order a printed version containing the same information from the VAT Excise and Customs Duties Advice Line.

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 12 gives more information.

You will always be registered from the date you were liable to be registered. You will also have to account for VAT from that date even if you have not charged it to your customers. You may be able to offset this against any input tax on 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 account for VAT on your non zero-rated taxable supplies and acquisitions from the date you know you have to be registered from.

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

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

Note that, once you are registered, you must account for VAT on all your non zero-rated taxable supplies, distance sales, acquisitions and relevant supplies in the UK, regardless of whether those values are above their threshold. For example if you are registered because your distance sales are above the relevant registration threshold then, once registered, you must account for VAT on all your non zero-rated taxable supplies and acquisitions in the UK.

Remember you will have to account for VAT from the date you are registered from. Therefore any application should be submitted as early as possible to enable HMRC to notify you of your number in good time.

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.

To facilitate recovery of earlier input tax we may allow you to voluntarily backdate your date of registration by up to 3 years at the time of application. You should give this careful consideration as, once we agree a registration date with you, we will not normally allow you to then change the 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 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. In certain circumstances we may require you to submit VAT returns 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 Union (EU) Member State supplies and delivers goods to a customer in another EU 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 EU Member State (e.g. France) and make supplies to customers in another Member State (e.g. UK), you should account for VAT as normal in France until the value of your distance sales to the UK goes over the distance selling threshold for the UK. When this happens, you must register for VAT in the UK and account for the VAT here on those distance sales you make to the UK. This is because, once the value of your distance sales to the UK exceeds the threshold, your distance sales are treated as being supplied in the UK.

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.

You must also 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 for those activities.

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 relevant 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 EU 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). As a NETP 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. Relevant Acquisitions

6.1 What are relevant acquisitions?

If you are:

- an organisation, or

- business, but
- not a private individual acting in a purely personal capacity,

and you do not make or do not intend to make any taxable supplies in the UK; any goods you buy from a VAT registered supplier in another EU country to bring to the UK are known as **relevant acquisitions**; these arrangements do not apply to services.

Normally this will only apply to organisations located in the UK that consume the relevant acquisition here in making only non-business supplies or businesses making wholly exempt supplies.

Note: because you make no taxable supplies you will not normally be entitled to claim any input tax on purchases made when registered for relevant acquisitions.

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

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

When you make a relevant acquisition, VAT becomes due from you when you acquire the goods. You should account for the tax due to HMRC on your VAT return; see Notice 725 The Single Market.

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

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

Yes; however, you should remember that it is unlikely that you will be entitled to claim any input tax on purchases made. Once registered you will have to comply with the normal UK VAT registration requirements. You must normally remain registered for 2 clear calendar years after your registration date.

6.4 Can I register before I start making relevant acquisitions?

Yes. You will have to prove to us that you are going to make relevant 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 EU countries. You should also tell us the date you wish to be registered from and the date you expect to make your first relevant acquisition.

6.5 In what circumstances do I not need to register due to the level of my relevant 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 Union (EU) 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 of assets

7.1 What are relevant supplies?

A relevant supply is a taxable supply of goods that are assets of a business; and the person making the supply, or a predecessor, has received or claimed, or is intending to claim, a repayment of VAT under the Eighth or Thirteenth Directive refund arrangements: see Notice 725 The Single Market.

A relevant supply includes the supply of an asset that incorporates parts on which such a repayment has or will be claimed.

An asset includes a capital asset.

7.2 What is a predecessor?

A predecessor is someone who claimed the repayment of VAT and has then transferred the assets under the Transfer of a Going Concern provisions; allowing relief from VAT on the transfer of a business or part of a business: see VAT Notice 700/9 Transfer of a business as a going concern. Where there are a number of such transfers the predecessor may be a person several transfers back, the liability of the assets to be a relevant supply does not alter.

7.3 Who has to register?

Any person who makes a relevant supply or intends to make a relevant supply in the next 30 days: there is no threshold to the value of relevant supplies.

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 normally only be affected where a 'predecessor' of theirs made the claim under the Eighth or Thirteenth Directive refund arrangements.

You may be entitled to claim exemption from registrations; see paragraph 2.13.

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 2.6)

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 1.5); or
- distance sales (see section 5); or
- relevant acquisitions (see section 6); or
- relevant supplies (see section 7)

in the UK above certain thresholds, you must register for VAT here, and account for any UK VAT due to HMRC. Section 2 of this notice explains how to work out if you will need to register in the UK.

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 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 direct that certain NETPs appoint a tax representative. NETPs based in countries where certain mutual assistance arrangements exist cannot 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 (see paragraph 5.9).

11. What happens after you are registered

11.1 Help and information for newly registered businesses

After you are registered, we may contact you offering a choice of one of the following:

- going to a seminar to introduce you to VAT;
- having a one to one consultation with an officer

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 VAT Excise and Customs Duties Advice Line.

11.2 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, although we do occasionally make unannounced visits, the attending officer will give the reason for the visit. 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.

11.3 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, 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.

Changes may also be notified on-line via our web site at www.hmrc.gov.uk Use of the on-line system is subject to some terms and conditions, which can be read on the web site.

Details of where to send written notification of your changes can be found at the back of this notice.

11.4 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 (partnership details).

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

12. Errors, late notification and fraud

12.1 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 (non zero-rated) taxable supplies you made from the earlier date. You may also be liable for a late registration penalty.

12.2 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.

12.3 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.

13. Statement of Practice: Artificial separation of business activities

13.1 Introduction

This Statement of Practice sets out how HMRC 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 HMRC' 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.

13.2 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.

13.3 The legislation

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

- 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.

13.4 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. HMRC will therefore not aggregate businesses unless they are satisfied that the separation is artificial.

Under the new measures HMRC 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.

13.5 What HMRC will consider to be artificial separation

HMRC 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 HMRC will view as artificial. However, the following are examples of when HMRC 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 supplies 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.

13.6 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.

13.7 How the measure will apply in particular circumstances

- **Franchised businesses**
HMRC do not expect this measure to affect genuine, as opposed to artificial, franchising.
- **Hairdressers**
The existing agreement between the National Hairdressers Federation and HMRC 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. HMRC 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 HMRC as a single business.
- **Businesses already registered for VAT**
The measures enable HMRC to register businesses which otherwise would not be registered for VAT. Consequently HMRC 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 HMRC 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 HMRC's decision, will be able to appeal to the VAT and duties tribunal.
The basis of the Tribunal's decision will continue to be whether HMRC 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.

13.8 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 HMRC will not advise on the VAT consequences of any proposed structure but we will give a decision when faced with an actual situation.

13.9 Responsibility for issuing directions

Responsibility for issuing directions will remain with local offices, which should be contacted if you have any enquiries.

14. How to complete application Form VAT1

Guidance on how to complete the VAT 1 is now in a separate document which is available from the National Registration Units. This can also be found on our web site www.hmrc.gov.uk

15. How to complete application Form VAT1A

Guidance on how to complete Form VAT1A is now in a separate document which is available from the National Registration Units. This can also be found on our web site www.hmrc.gov.uk

16. How to complete application Form VAT1B

Guidance on how to complete Form VAT1B is now in a separate document which is available from the National Registration Units. This can also be found on our web site www.hmrc.gov.uk

17. How to complete application Form VAT1C

Guidance on how to complete Form VAT1C is now in a separate document which is available from the National Registration Units. This can also be found on our web site www.hmrc.gov.uk

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

Guidance on how to complete Form VAT1TR is now in a separate document which is available from the National Registration Units. This can also be found on our web site www.hmrc.gov.uk

19. List of offices

All standard registration applications should be sent to:

Wolverhampton Registration Unit
HM Revenue & Customs
Deansgate
62-70 Tettenhall Road
Wolverhampton
WV1 4TZ

0845 0369 0129

Applications to register a VAT group or to keep another businesses VAT number send to:

Grimsby Registration Unit
HM Revenue & Customs
Imperial House
77 Victoria Street
Grimsby
DN31 1DB

Applications to register as a Non Established Taxable Person should be sent to:

Non Established Taxable Persons Unit
H M Revenue & Customs
28 Guild Street
Aberdeen
AB11 6GY

+44 (0) 1224 844653/ 844662

20. Registration Limits

Details of past and current registration limits are available from the VAT Excise and Customs Duties Advice Line on 0845 010 9000 or from our web-site at www.hmrc.gov.uk

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 Revenue and Customs
Taxable Persons Team
100 Parliament Street
London
SW1A 2BQ**

Please note this address is **not for general enquiries**. You should ring our VAT Excise and Customs Duties Advice Line about those.

If you have a complaint or suggestion

If you have a complaint please try to resolve it on the spot with our officer. If you are unable to do so, or have a suggestion about how we can improve our service, you should contact one of our Regional Complaints Units. You will find the telephone number under 'Revenue & Customs' or under 'Customs and Excise' in your local telephone book. Ask for a copy of our code of practice 'Complaints and putting things right' (Notice 1000). You will find further information on our website at <http://www.hmrc.gov.uk>.

If we are unable to resolve your complaint to your satisfaction you can ask the Adjudicator to look into it. The Adjudicator, whose services are free, is a fair and unbiased referee whose recommendations are independent of Revenue & Customs.

You can contact the Adjudicator at:

**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/>

Update 1 issued February 2008

This update amends certain paragraphs in the Notice dealing with the address and telephone number of The Non Established Taxable Persons Unit (NETPU), the office responsible for registering non established taxable persons.

19. List of offices

Delete 28 Guild Street, Aberdeen AB11 6GY

Notice 700/1 Should I be registered for VAT?
October 2007

+44 (0) 1224 844653/ 844662

Replace with Ruby House, 8 Ruby Place, Aberdeen AB10 1ZP

+44 (0) 1224 404807 / 404818

Update 2 issued May 2008

This slip amends a paragraph in Notice 700/1 to reflect changes in retention of records from 1 September 2007.

2.8 Registering following a Transfer of Business as a Going Concern

Para 4

Delete

'You must also obtain and preserve the business records relating to the taxable turnover for the business being transferred from the seller. If the seller requests permission from HMRC to retain the records then you should obtain and preserve a copy.'

and replace with:

For all contracts entered into on or after 1 September 2007 the seller must retain and preserve the business records relating to the business being transferred to the purchaser. However the seller should provide you with the necessary information to allow you to fulfil your VAT obligations.

Where the VAT registration number is also transferred you are still required to obtain and preserve the business records for the business being transferred from the seller.

If the seller requests permission from HMRC to retain the records then you should obtain from the seller the necessary information to allow you to fulfil your VAT obligations.

If you are unable to obtain this information from the seller than you can request HMRC to disclose the information it holds to allow you to comply with your VAT obligations. HMRC will advise the seller of your request to disclose this information.