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VAT registration

1. Overview

You must register your business for **VAT** with HM Revenue and Customs (**HMRC**) if its **VAT** taxable turnover (<https://www.gov.uk/vat-registration/calculate-turnover>) is more than £85,000.

When you register, you'll be sent a **VAT** registration certificate. This confirms:

- your **VAT** number
- when to submit your first **VAT** Return and payment
- your 'effective date of registration' - this depends on the date you went over the threshold, or is the date you asked to register if it was voluntary

You can register voluntarily if your turnover is less than £85,000, unless everything you sell is exempt (<https://www.gov.uk/vat-businesses/when-not-to-charge-vat>). You'll have certain responsibilities if you register for **VAT**.

You can reclaim the **VAT** you've paid on certain purchases made before you registered (<https://www.gov.uk/vat-registration/purchases-made-before-registration>).

Your **VAT** responsibilities

From your effective date of registration (<https://www.gov.uk/vat-registration/when-to-register>) you must:

- charge the right amount of **VAT**. (<https://www.gov.uk/vat-businesses/when-to-charge-vat>)
- pay any **VAT** due to **HMRC**
- submit **VAT** Returns
- keep **VAT** records and a **VAT** account

Most **VAT** registered businesses that earn over £85,000 must also follow the rules for 'Making Tax Digital for **VAT**' (<https://www.gov.uk/guidance/making-tax-digital-for-vat>).

While you wait

You cannot charge or show **VAT** on your invoices until you get your **VAT** number. However, you'll still have to pay the **VAT** to **HMRC** for this period.

You should increase your prices to allow for this and tell your customers why. Once you've got your VAT number you can then reissue the invoices showing the VAT.

2. How to register

Register for VAT

Most businesses can register online (<https://www.tax.service.gov.uk/register-for-vat>) - including partnerships and a group of companies (<https://www.gov.uk/vat-registration-for-groups-divisions-and-joint-ventures>) registering under one VAT number.

By doing this you'll register for VAT and create a VAT online account (sometimes known as a 'Government Gateway account'). You need this to submit your VAT Returns to HM Revenue and Customs (HMRC).

Using an agent

You can appoint an accountant (or agent) (<https://www.gov.uk/appoint-tax-agent>) to submit your VAT Returns and deal with HMRC on your behalf.

When you receive your VAT number from HMRC, you can sign up for a VAT online account (<https://online.hmrc.gov.uk/registration/organisation>) (select option 'VAT submit returns').

When you cannot register online

You must register by post using VAT1 (<https://www.gov.uk/government/publications/vat-application-for-registration-vat1>) if:

- you want to apply for a 'registration exception (<https://www.gov.uk/vat-registration/when-to-register>)'
- you're joining the Agricultural Flat Rate Scheme (<https://www.gov.uk/government/publications/vat-notice-70046-agricultural-flat-rate-scheme/vat-notice-70046-agricultural-flat-rate-scheme>)
- you're registering the divisions or business units of a body corporate under separate VAT numbers

Register by post using form:

- VAT1A (<https://www.gov.uk/government/publications/vat-application-for-registration-distance-selling-vat1a>) if you're an EU business 'distance selling' to Northern Ireland
- VAT1B (<https://www.gov.uk/government/publications/vat-application-for-registration-acquisitions-vat1b>) if you import ('acquire') goods into Northern Ireland worth more than £85,000 from an EU country
- VAT1C (<https://www.gov.uk/government/publications/vat-registration-notification-vat1c>) if you're disposing of assets on which 8th or 13th Directive refunds have been claimed

When you receive your VAT number from HMRC, you can sign up for a VAT online account (<https://online.hmrc.gov.uk/registration/organisation>) (select option 'VAT submit returns').

Getting your certificate

You should get a VAT registration certificate within 30 working days, though it can take longer.

It's sent either:

- to your VAT online account
- by post - if an agent registers you or you cannot register online

What you need to know

You need to provide details like your turnover, business activity and bank details.

Your registration date is known as your 'effective date of registration'. You'll have to pay HMRC any VAT due from this date.

You do not need to authorise an agent to register you for VAT.

3. When to register

You must register for VAT if your VAT taxable turnover goes over £85,000 (the 'threshold'), or you know that it will. Your VAT taxable turnover (<https://www.gov.uk/vat-registration/calculate-turnover>) is the total of everything sold that is not VAT exempt.

You can also register voluntarily.

Compulsory registration

You must register for VAT if:

- you expect your VAT taxable turnover to be more than £85,000 in the next 30-day period
- your business had a VAT taxable turnover of more than £85,000 over the last 12 months

You might also need to register in some other cases, depending on the kinds of goods or services you sell and where you sell them.

If you'll exceed the VAT threshold in the next 30-day period

You must register if you realise that your total VAT taxable turnover is going to be more than £85,000 in the next 30-day period.

You have to register by the end of that 30-day period. Your effective date of registration is the date you realised, not the date your turnover went over the threshold.

Example On 1 May, you realise that your VAT taxable turnover in the next 30-day period will take you over the threshold. You must register by 30 May. Your effective date of registration is 1 May.

If you exceeded the VAT threshold in the past 12 months

You must register if, by the end of any month, your total **VAT** taxable turnover for the last 12 months was over £85,000.

You have to register within 30 days of the end of the month when you went over the threshold. Your effective date of registration is the first day of the second month after you go over the threshold.

Example Between 10 July 2017 and 9 July 2018 your **VAT** taxable turnover was £100,000. That's the first time it has gone over the **VAT** threshold. You must register by 30 August 2018. Your effective date of registration is 1 September 2018.

If you sell goods or services that are **VAT exempt and are based in Northern Ireland**

You'll need to register if you only sell goods or services that are exempt from **VAT**, or 'out of scope' (<https://www.gov.uk/vat-businesses/when-not-to-charge-vat>) but you buy goods for more than £85,000 from EU **VAT**-registered suppliers (http://ec.europa.eu/taxation_customs/vies/vieshome.do?selectedLanguage=EN) to use in your business.

If you take over a **VAT-registered business**

You may have to register for **VAT**.

Businesses outside the UK

There's no threshold if neither you nor your business is based in the UK (<https://www.gov.uk/government/publications/vat-notice-7001-should-i-be-registered-for-vat/vat-notice-7001-should-i-be-registered-for-vat#non-established-taxable-persons-netps-basic-information>). You must register as soon as you supply any goods and services to the UK (or if you expect to in the next 30 days).

Late registration

If you register late, you must pay what you owe from when you should have registered.

You may get a penalty depending on how much you owe and how late your registration is.

Voluntary registration

You can register voluntarily if your business turnover is below £85,000. You must pay **HMRC** any **VAT** you owe from the date they register you.

Get an exception

You can apply for a registration 'exception' if your taxable turnover goes over the threshold temporarily.

Write to **HMRC** (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-when-to-register-for-vat>) with evidence showing why you believe your **VAT** taxable turnover will not go over the deregistration threshold of £83,000 in the next 12 months.

HMRC will consider your exception and write confirming if you get one. If not, they'll register you for **VAT**.

4. Selling or moving goods in Northern Ireland

If you're a VAT-registered business, you need to tell HMRC if any of the following apply:

- your goods are located in Northern Ireland at the time of sale
- you receive goods in Northern Ireland from VAT-registered EU businesses for business purposes
- you sell or move goods from Northern Ireland to an EU country

This means that:

- you'll be eligible to use VAT simplifications when you trade with the EU
- your suppliers are able to zero rate goods that they dispatch to you from the EU
- your trade with the EU will remain acquisitions and dispatches when accounting for VAT

Tell HMRC

You'll need:

- the Government Gateway user ID and password you used when you registered for VAT
- your VAT registration number
- the name of your business

Start now (<https://www.tax.service.gov.uk/submissions/new-form/declare-your-business-trades-in-northern-ireland>)

After you've registered

When you are trading with the EU and sell goods in Northern Ireland, you'll need to:

- put an 'XI' prefix in front of your VAT number when communicating with an EU customer or supplier (your invoices will show XI in front of your VAT number - for example, XI 123456789 - instead of GB)
- complete an EC Sales List if you're selling goods from Northern Ireland to VAT-registered customers in the EU

If you've stopped selling or moving goods in Northern Ireland

If you've stopped selling goods in Northern Ireland or moving goods between Northern Ireland and the EU, you need to tell HMRC.

HM Revenue and Customs
nistatusforvat@hmrc.gov.uk

5. Registering for VAT in EU countries

You may need to register for VAT in the EU country you're selling to. Find out how to register for VAT in EU countries (https://ec.europa.eu/taxation_customs/business/vat/eu-country-specific-information-vat_en) on the European Commission website.

Supplying digital services

If your business supplies digital services to consumers in EU countries, you need to register for either:

- VAT.MOSS in any EU country
- VAT in each country where you're supplying digital services

Register for VAT.MOSS in an EU country

You'll need to register for the VAT.MOSS scheme in an EU country by the 10th day of the month after your first sale to an EU customer.

Example If you make your first sale on 12 January 2021, then you must register by 10 February 2021.

Use the European Commission website (https://europa.eu/youreurope/business/taxation/vat/vat-digital-services-moss-scheme/index_en.htm) to:

- check if you should register for either the union or non-union VAT.MOSS scheme
- find contact details to register for VAT.MOSS in an EU country

Register for VAT in an EU country

If you do not want to use the VAT.MOSS scheme, you must register for VAT in each EU country where you supply digital services.

Find out how to register for VAT in EU member states (https://ec.europa.eu/taxation_customs/business/vat/eu-country-specific-information-vat_en) on the European Commission website.

6. Calculate VAT taxable turnover

VAT taxable turnover is the total value of everything you sell that is not exempt from VAT.

You must register for VAT with HM Revenue and Customs (HMRC) if it goes over the current registration threshold in a rolling 12-month period. This is not a fixed period like the tax year or the calendar year - it could be any period, for example the start of June to the end of May.

The current threshold is £85,000. It usually goes up on 1 April each year. If your business is based in Northern Ireland, there are different thresholds (<https://www.gov.uk/vat-registration-thresholds>) for buying and selling from EU countries.

What to include

To check if you've gone over the threshold in any 12-month period, add together the total value of your UK sales that are not VAT exempt (<https://www.gov.uk/vat-businesses/when-not-to-charge-vat>), including:

- goods you hired or loaned to customers
- business goods used for personal reasons
- goods you bartered, part-exchanged (<https://www.gov.uk/vat-part-exchanges-barters-and-set-offs>) or gave as gifts
- services you received from businesses in other countries that you had to 'reverse charge' (<https://www.gov.uk/government/publications/vat-notice-735-vat-reverse-charge-on-specified-goods-and-services/vat-notice-735-vat-reverse-charge-on-specified-goods-and-services>)
- building work over £100,000 (<https://www.gov.uk/government/publications/vat-notice-708-buildings-and-construction/vat-notice-708-buildings-and-construction#self-supply-of-construction-services>) your business did for itself

Include any zero-rated items (<https://www.gov.uk/vat-businesses/vat-rates>) - only exclude VAT-exempt sales, and goods or services you supply outside of the UK.

If you're over the threshold

You must register for VAT. (<https://www.gov.uk/vat-registration/how-to-register>) - though HMRC may allow you 'exception from registration' (<https://www.gov.uk/vat-registration/when-to-register>) if your turnover goes above the threshold temporarily.

You must register straight away if you expect the value of everything you sell in the next 30 days to be over £85,000. You do not need to include anything that is VAT exempt.

You should check your rolling turnover regularly if you're close to going over the threshold.

Thresholds for previous tax years

Check historical information about VAT thresholds (<https://www.gov.uk/government/publications/vat-notice-7001-should-i-be-registered-for-vat/vat-notice-7001-supplement--2>) if you think you should have been registered in previous tax years.

7. Purchases made before registration

There's a time limit for backdating claims for VAT paid before registration. From your date of registration the time limit is:

- 4 years for goods you still have, or that were used to make other goods you still have
- 6 months for services

You can only reclaim VAT. (<https://www.gov.uk/reclaim-vat>) on purchases for the business now registered for VAT. They must relate to your 'business purpose'. This means they must relate to VAT taxable goods or services that you supply.

You should reclaim them on your first VAT Return (add them to your Box 4 figure) and keep records including:

- invoices and receipts
- a description and purchase dates
- information about how they relate to your business now

8. Changes to your details

You must keep your VAT registration details up to date. You can change your details:

- online - through your VAT online account (<https://www.tax.service.gov.uk/gg/sign-in?continue=/business-account/vat>)
- by post - using form VAT484 (<https://www.gov.uk/government/publications/vat-changes-to-registration-details-vat484>)
- by webchat or phone (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries>)

You must send form VAT2 (<https://www.gov.uk/government/publications/vat-partnership-details-vat2>) to the VAT Registration Service (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-changes-to-your-vat-registration-details>) to report any changes to a partnership.

Some changes can affect your VAT registration or mean you have to cancel it (<https://www.gov.uk/vat-registration/cancel-registration>).

When to tell HMRC

You need to tell HM Revenue and Customs (HMRC) about any changes to the following within 30 days or you could face a financial penalty:

- the name, trading name or main address of your business
- the accountant or agent who deals with your VAT
- the members of a partnership, or the name or home address of any of the partners

Changing bank details

You must tell HMRC at least 14 days in advance if you're changing your bank details.

You'll also have to tell your bank to change your Direct Debit details if you pay your VAT by Direct Debit, but you should not do this within 5 banking days before or after your VAT return is due.

You must write to the Annual Accounting Registration Unit (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-annual-accounting-scheme>) to change your Direct Debit details if you use the Annual Accounting Scheme (<https://www.gov.uk/vat-annual-accounting-scheme>). Include your registration number.

Death and illness

You must tell **HMRC** within 21 days if you take on the **VAT** responsibilities of someone who has died or is ill.

You can only do this by sending form VAT484 (<https://www.gov.uk/government/publications/vat-changes-to-registration-details-vat484>) in the post, including details of the date of death or the date the illness started.

9. Cancel registration

You must cancel your registration if you're no longer eligible (<https://www.gov.uk/vat-registration/when-to-register>) to be **VAT** registered. For example:

- you stop trading or making **VAT** taxable supplies
- you join a **VAT** group

You must cancel within 30 days if you stop being eligible or you may be charged a penalty.

You can ask HM Revenue and Customs (**HMRC**) to cancel your registration if your **VAT** taxable turnover (<https://www.gov.uk/vat-registration/calculate-turnover>) falls below the deregistration threshold of £83,000.

How to cancel

You can cancel your **VAT** registration online.

Cancel your registration (<https://www.tax.service.gov.uk/business-account/manage-account/deregister>)

You can also fill in and send form VAT7 (<https://www.gov.uk/government/publications/vat-application-to-cancel-your-vat-registration-vat7>) to cancel your **VAT** registration by post.

What happens next

It usually takes 3 weeks for **HMRC** to confirm your cancellation and the official cancellation date. This is either the date when the reason for your cancellation took effect (for example, when you stopped trading), or the date you asked to cancel if it's voluntary.

HMRC will send confirmation to your **VAT** online account (or through the post if you do not apply online). From the date of cancellation you must stop charging **VAT** and keep your **VAT** records for 6 years.

HMRC will automatically re-register you if they realise you should not have cancelled. You'll have to account for any **VAT** you should have paid in the meantime.

VAT after you cancel

You'll have to submit a final **VAT** Return (<https://www.gov.uk/vat-returns>) for the period up to and including the cancellation date. You must account for any stock and other assets you have on this date if:

- you could reclaim **VAT** when you bought them
- the total **VAT** due on these assets is over £1,000

Do not wait until you've received all your invoices before submitting your final return. You'll still be able to reclaim VAT on anything you bought for your business while still registered once you get the invoices.

10. Transfer registration

You can transfer a VAT registration from one business to another, or if the status of your business changes.

For example, if:

- you take over a company and want to keep using its VAT number
- your business changes from a partnership to a sole trader

If you're taking over a company, the previous owner must cancel their VAT registration before you can apply to transfer the VAT number.

If the status of your business changes, you must cancel your existing VAT registration and re-register.

You can apply to cancel or transfer a VAT registration:

- online - through your VAT online account (<https://www.tax.service.gov.uk/gg/sign-in?continue=/business-account/vat>)
- by post - using form VAT68 (<https://www.gov.uk/government/publications/vat-request-for-transfer-of-a-registration-number-vat68>)

What happens next

It usually takes 3 weeks for HMRC to confirm the transfer.

If you're selling your business:

- cancel your accountant's access to your VAT online account - for example if you authorised them to deal with your VAT
- cancel any direct debits on your VAT online account

You must also give your records to the buyer if you're passing on your VAT number.

If you're buying a business:

- contact HMRC within 21 days of the transfer application if you want to keep the seller's accountant
- replace any self-billing arrangements (<https://www.gov.uk/vat-self-billing-arrangements>) with new ones
- set up new direct debits on your VAT online account