

Do I need to register my company for VAT?

VAT is a tax paid by consumers and business on the purchase of goods or services. VAT is added to the net value of the product or service being purchased. The VAT is collected by businesses on behalf of HM Revenue & Customs and paid over on a regular basis. As the tax is not on the business but on the goods and services it can also be reclaimed by a VAT registered buyer after purchase by completing a VAT return each quarter.

VAT charged on sales is known as output VAT and on purchases as input VAT.

There are three principal types of supply:

- Standard-rated: 20.0%
- Zero-rated: for example children's clothing, books, medicines
- Exempt: for example insurance, postal services, betting, Companies House fees

For a complete list of goods and services by VAT rate please visit www.gov.uk.

Anyone in business whose taxable supplies exceed a certain limit (currently £82,000 per annum) must register for VAT. This includes sole traders, partnerships and limited companies. Taxable supplies are all goods and services that are sold or supplied and liable to VAT, whether or not you are registered for VAT. If your turnover for the previous 12 months is over the current threshold, or may go over the threshold in the next 30 days, you must register for VAT. Therefore, turnover should be reviewed on a regular basis. You can also register voluntarily for VAT even if your value of taxable supplies is below the threshold.

Once registered for VAT you will have to charge VAT on your taxable goods and services. If your customers are mainly non-VAT registered (individuals) then registering for VAT will mean that your customers will be paying more. However you will be able to reclaim your input tax on purchases. You will need to consider very carefully whether there are any advantages to your business in registering for VAT.

How to register?

CRO provides an online VAT Registration service, so there are no complicated forms to complete. The process usually takes around 2-3 days for a VAT Registration number to be issued. Once we receive your order we will email you a questionnaire to complete. Simply complete our questionnaire and return it to us by email, we will then complete the registration for you. We will keep you updated on the progress of your application until you are issued with your VAT Registration number.