

Who should register for VAT?

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Overview

This section deals with the rules relating to Value-Added Tax (VAT) registration. It explains who must register for VAT, the VAT thresholds, electing to register for VAT and when you can opt to tax lettings.

Generally, you must register for VAT if you are an [accountable person](#) and you exceed or are likely to exceed the relevant VAT thresholds.

If you are setting up a business but have not yet commenced supplying taxable goods or services, you should register for VAT as soon as it is clear that you will become an accountable person.

A person carrying on only exempt activities or a person carrying on activities other than in the course or furtherance of business may not register for VAT. However, a person carrying on exempt activities may be required to register in respect of the acquisition of goods from other European Union (EU) Member States, or [services received from abroad](#).

Farmers, sea fishermen and traders whose turnover is below the VAT thresholds are not generally obliged to register for VAT but may do so if they wish.

What are the VAT thresholds?

Value-Added Tax (VAT) registration is obligatory when the VAT thresholds are exceeded or are likely to be exceeded in any 12 month period (except for distance sales). If you are below the thresholds you may elect to register for VAT.

The principal thresholds are as follows:

- €37,500 in the case of persons supplying services only.
- €37,500 for persons supplying goods liable at the reduced or standard rates which they have manufactured or produced from zero rated materials.
- €35,000 for persons making mail-order or distance sales into the State.
- €41,000 for persons making acquisitions from other European Union Member States .
- €75,000 for persons supplying goods.
- €75,000 for persons supplying both goods and services where 90% or more of the turnover is derived from supplies of goods.
- A non-established person supplying taxable goods or services in the State is obliged to register and account for VAT irrespective of the level of turnover.

How is the threshold determined?

The threshold is based on your turnover.

For the purposes only of deciding if you are obliged to register for VAT, the actual turnover may be reduced by an amount equivalent to the VAT borne on purchases of stock for re-sale.

Example

Michael has an annual turnover of €80,000.

He has incurred VAT on his stock purchased for re-sale in the amount of €11,220.

Michael can reduce his turnover figure by the €11,220 when determining whether he has breached the threshold.

€80,000 minus €11,220 equals €68,780.

As the adjusted turnover is below the registration limit of €75,000, he is not obliged to register.

Exempt persons and non-taxable entities acquiring goods within the EU

Exempt persons and non-taxable entities that acquire, or are likely to acquire, more than €41,000 worth of goods from other Member States in any 12 month period are obliged to register and account for Value-Added Tax (VAT) in respect of the acquisitions from other European Union Member States.

You may not reclaim VAT if you are an exempt or non-taxable person.

Businesses receiving services from abroad

The following entities are required to register and account for Value-Added Tax (VAT) in the State if they receive a taxable service from outside the State:

- non VAT registered businesses
- exempt businesses such as banks
- public bodies such as local authorities, State agencies and semi-State bodies
- farmers or fishers.

Flat rate farmers, fishermen and race-horse trainers who register in respect of receiving such services are entitled to retain their unregistered status in respect of their farming or fishing activities.

Paying VAT on services from abroad

You must pay VAT on the invoiced amounts at the appropriate Irish VAT rate to Revenue in your periodic VAT return. You may be entitled to reclaim the VAT at the same time.

You must provide your VAT number to the supplier in order to avoid paying VAT in the other Member State.

Who may elect to register for VAT?

The following taxable persons established in the State may elect to register for Value-Added Tax (VAT):

- farmers
- fishermen
- businesses who do not exceed the VAT thresholds.

Can you back date your election to register?

No. You can only elect to be registered for VAT from a current date.

Obligations after VAT registration

The procedures for those electing to register for VAT are the same as those for traders who are obliged to register for VAT.

Option to tax lettings

The letting of a property is exempt from Value-Added Tax (VAT). However, as a landlord you can opt to tax the letting of certain properties. The option to tax a letting can be limited to one property or particular properties if you own multiple properties.

If you opt to tax a letting, you will have to register for VAT and pay VAT on the rents from those properties.

You can not opt to tax the following:

- a letting of residential property
- a letting between connected persons, where the tenant has less than 90% deductibility.