# VAT For Small Businesses

A Revenue Guide

Revenue 🖺

# VAT For Small Businesses



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### Introduction

#### What is VAT?

Value Added Tax (VAT) is a consumer tax. It is collected by VAT registered traders on their supplies of taxable goods and services. Each trader pays VAT on goods and services acquired for the business and charges VAT on goods and services supplied by the business. The difference between the VAT charged by you and the VAT you were charged must be paid to the Collector-General. If the amount of VAT paid by you exceeds the VAT charged by you, the Collector-General will repay the excess. This ensures that VAT is paid by the ultimate customer, not by the business. The following example shows how the system works:

### Reduced rate of VAT is 4.8% (from I/I/2005)

This applies to livestock, greyhounds and the hire of horses.

### Zero rated goods and services

These include exports, certain food and drink (e.g., bread and milk), oral medicine, certain books excluding newspapers, brochures etc.

### **Exempted goods and services**

These include financial, medical and educational activities.

Sale of Goods	<b>S</b>		VAT			
	Sales Price (excluding VAT)	Add VAT @ 21%	Total Cost to Purchaser	VAT Charged	Credit for VAT Paid	Net VAT paid to Revenue at each stage
Manufacturer	1,000	210	1,210	210	0	(210 - 0) = 210
Wholesaler	1,700	357	2,057	357	210	(357 - 210) = 147
Distributor	3,000	630	3,630	630	357	(630 - 357) = 273
Retailer	4,500	945	5,445	945	630	(945 - 630) = 315
Total VAT payabl	le to Revenue				945	

The above example demonstrates the amount each person in the chain is obliged to pay to the Collector-General. It also shows that the consumer pays  $\in$  5,445 for the finished product of which  $\in$  945 is VAT.

### What rate is VAT charged at?

The rates of VAT at time of going to print are as follows:

### Standard rate of VAT is 21% (from 1/1/2003)

This applies to all goods and services that are not exempt or are not taxable at the zero or reduced rates.

### Reduced rate of VAT is 13.5% (from 1/1/2003)

This applies to certain fuels (e.g., coal and domestic gas), building and building services, newspapers, live poultry etc., magazines and periodicals, repair, cleaning and maintenance services generally, restaurants, and provision of commercial sporting facilities.

**Note**: A transaction, which may appear to be the supply of services is nevertheless taxable as a supply of goods if the value, exclusive of VAT, of the goods supplied in carrying out the work exceeds two-thirds of the total charge, exclusive of VAT. **Example:** The price charged to a customer for a fitted kitchen is  $\in$ 5,000 (excluding VAT). The cost of materials (excluding VAT) to the contractor is  $\in$ 4,000. As the cost of materials exceeds 2/3 of the price chargeable, the transaction is regarded as a supply of goods liable at 21% and not as a service liable at 13.5%.

### The rates of VAT may change annually

To get the current rates of VAT and a detailed listing of the rates at which VAT is charged on goods or services you may visit the Revenue website at **www.revenue.ie** or contact your Revenue office.

# What is the difference between zero-rating and exemption?

If you supply zero-rated goods or services (for example, a book shop or food store) you are entitled to a repayment of VAT on your taxable business purchases. Taxable business purchases would include items such as shop fittings, cash registers etc. If you only supply exempt goods or services (for example if you are a doctor) you are not entitled to any repayment of VAT on taxable purchases.

### Who must register for VAT?

You must register for VAT if your annual turnover from the supplies of taxable goods and services exceeds or is likely to exceed the following annual limits:

€55,000 in respect of the supply of goods

€27,500 in respect of the supply of services.

(For the purposes of deciding if a person is obliged to register, the turnover including VAT may be reduced by an amount equivalent to the VAT borne on purchases of stock for resale.)

Traders whose turnover is below these limits, farmers and sea fishermen are not generally obliged to register for VAT but may do so if they so wish.

Certain other categories must also register for VAT, e.g., persons who receive certain taxable services from abroad and foreign traders doing business in the State other than supplying goods for installation or assembly in the State.

These traders must register irrespective of their level of turnover.

If you are involved in buying or selling goods within the EU you will need more detailed information and should refer to the comprehensive "Guide to Value Added Tax" which is available at **www.revenue.ie**, from Revenue Forms and Leaflets (24 hour) Service at 1890 306 706 or from any Revenue office

### What is a taxable person?

A taxable person for VAT purposes is an individual (other than an employee of another person), a partnership, company, etc., who supplies taxable goods and services, above certain limits, in the course of or in the furtherance of business. A person who engages in the acquisition of goods from other Member States of the EU in excess of  $\in\!41,000$  or receives certain taxable services from abroad is also regarded as a taxable person.

### When must I register for VAT?

You should register for VAT even before starting to supply taxable goods and services, if it is clear, based on your projections, that the limits stated above will be exceeded when the trade or business starts.

### Is registration limited to taxable persons?

NO. If your annual turnover does not exceed the limits set out above you may elect to register for VAT. This may be beneficial in certain circumstances, for example:

- If you are supplying goods or services to other registered persons you can pass on a VAT credit
- If you are supplying zero-rated goods, e.g., food, you can claim any VAT incurred on purchases and business expenses.

### How do I register for VAT?

To register for VAT you must fill in a registration form:

- TRI if an individual, partnership, trust or unincorporated body
- TR2 if trading as a company

These forms can be obtained from Revenue's website www.revenue.ie, by telephoning Revenue Forms and Leaflets (24 hour) Service at 1890 306 706 or from any Revenue office.

The registration form should be returned to the Revenue office dealing with your tax affairs.

### When must I account for and pay VAT?

The normal taxable period for VAT is two calendar months (i.e., January/February, March/April and so on). If you are registered for VAT the Collector-General will send you a Form VAT3 every two months. You must complete this form giving details of:

- VAT due by you for the period [Box T1 of Form VAT3],
- VAT reclaimable by you for the period [Box T2 of Form VAT3].
- VAT due to Revenue [Box T3 of Form VAT3] or repayable to you [Box T4 of Form VAT3],
- Goods supplied to and received from another Member State of the EU [Box EI and E2 of Form VAT3].

The completed VAT3 and a payment of the amount due should be made to the Collector-General before the 19th day following the end of the two month taxable period, e.g., the VAT return for the period January/February must be submitted by 19 March. If you do not have a VAT liability for a particular two-month period, the VAT 3 should be returned marked Zero. Do not write Nil on any line.

If VAT is not paid within the proper period, interest is chargeable for each day at the rate of 0.0322% per day (circa 12% per annum). This interest also applies where a refund of VAT has been made on the basis of an incorrect return, and where all or part of the tax refunded was not properly refundable.

In addition to paying VAT every two months, an annual return of trading details (i.e., sales and purchases) on form RTD EUR is required. This return is dealt with in detail in the section Annual VAT Returns, page 5.

### Revenue On-Line Service (ROS)

### What is the Revenue On-Line Service (ROS)?

- ROS is Revenue's secure interactive internet-based facility and it is the most effective way for businesses to:
- File Returns and make payments
- Obtain details of their Revenue account
- Calculate their tax
- Claim repayments
- Conduct their business electronically

### What are the benefits of using ROS?

The benefits of ROS include:

- Instant acknowledgement
- Effective and efficient use of time no duplication
- Elimination of clerical error
- Secure 24 x 7 access
- On-Line calculation facilities
- Simpler user friendly return forms
- Speedier Repayments
- Environmentally friendly

### What facilities does ROS provide?

The following forms can now be filed through ROS together with payments where appropriate

- VAT (VAT3 & annual Return of Trading Details)
- Employers Payroll returns (P30, P35 and P45)
- Income Tax Form 11 (Self Employed Individuals)
- Corporation Tax (Form CT1)
- VIES and INTRASTAT Returns
- Vehicle Registration Tax (Vehicle Birth Certificates and Registration forms)
- Relevant Contract Tax Returns (RCT30 and RCT35)
- Environmental Levy Returns
- Dividend Withholding Tax Returns
- Professional Services Withholding Tax Returns (F30 and F35)
- Special Saving Incentive Account Returns
- Deposit Interest Retention Tax Returns
- Life Assurance Exit Tax Returns
- Investment Undertaking Tax Returns
- Gift and Inheritance Tax Returns (IT38)
- Common Agricultural Policy (CAP) Export Declarations
- Betting Duty Returns
- VAT on eServices
- Transit Declarations

You can view details of your Revenue account including such items as:

- Returns filed and due
- Payments made
- Refunds and Repayments
- Charges and collection: details of tax due and paid

### **Other features include:**

- A secure mailbox housed on the ROS site where copies of all documents are kept. These can be accessed at any time using the search facility
- Both on-line and off-line facilities. The off-line system allows you to complete the forms on your own PC without being logged on to the internet. Once the off-line form is complete simply log on to the ROS site and upload the completed form
- There is a detailed Help system, as well as Frequently Asked Questions (FAQs) and Demonstrations throughout the site

- LoCall Helpdesk to assist customers with queries.
- The system operates on most platforms and browsers
- The system is compatible with screen reader technology for visually impaired customers
- An access control system which allows you to control who in your business can carry out transactions on ROS.
- A facility to order a statement of account
- Access to the Vehicle Registration Tax Calculator and Enquiry System

### How do I pay my tax using ROS?

There are currently 3 methods of making payments through ROS:

- ROS Debit Instruction (RDI),
- Laser Card
- On-Line Banking facility Income Tax and Capital Gains Tax only

#### How do I access ROS?

ROS can be accessed via the Revenue website www.revenue.ie You can explore a number of features of ROS from the ROS homepage without any requirement to register.

### How do I register for ROS?

ROS has a simple three-step registration process. From the ROS homepage click on 'Register' under the Self-employed Individuals, Business and Practitioners heading and follow the 3 step process. You will be issued with a Digital Certificate when you have completed the 3 steps. Your Digital Certificate enables you to access ROS and utilise its full menu of services.

To ensure the security of the service, the authentication procedure involves issuing correspondence via land mail. The whole process typically takes 8 working days, so you should be sure to start the process well in advance of any filing deadlines that may apply.

### Who can I contact with queries on ROS?

ROS Liaison Officers (RLOs) have been assigned to Revenue Offices throughout the country. If you require further information or assistance regarding ROS you should contact the RLO in your area. You can view the full list of RLOs from the 'Contact Us' link or from the 'Help' link icon at the end of the ROS Homepage which can be accessed at www.revenue.ie

You can also contact the ROS Information Desk at LoCall 1890 20 11 06 or, for callers outside the Republic of Ireland +353 1 2771178, who will answer your queries on any technical issues concerning ROS. You can also e-mail ROS at roshelp@revenue.ie

### **Employees**

A comprehensive range of on-line Self Services for Employees is now available in ROS:

- View personal tax record
- Claim a wide range of tax credits on-line
- Apply for refunds of tax including health expenses
- Request a review of personal tax (balancing statement/P21) for 2005 onwards
- Re-allocate credits between spouses
- Change personal address and update other personal information

Find out more at www.revenue.ie

### Annual VAT Returns

### **Annual VAT Return**

Traders with low VAT liabilities may be permitted to make one annual VAT return (instead of bi-monthly returns). Traders who opt to pay by direct debit can also avail of this facility. These traders must also provide the return of trading details on form RTD EUR.

The annual VAT Return, is issued by the Collector-General for the twelve months selected by you as your accounting year. In the case of companies registered for Corporation Tax an annual VAT return will be required for the twelve month period based on the company's accounting period for Corporation Tax.

For traders who pay VAT on a bi-monthly basis this return is the same as other bi-monthly VAT returns and should be completed accordingly. However, it also contains pages to make an annual return of trading details (sales and purchases). For traders who pay VAT on an annual basis or by direct debit this return should be completed for the 12 month period stated on the Return.

## How do I complete each part of the Annual VAT Return?

### VAT3

If you pay VAT on a bi-monthly basis there is no change in the way this return is completed. If, however, you pay VAT on an annual basis or by direct debit you should enter the **annual VAT figures** in boxes TI, T2 and T3 or T4. The value of goods supplied to and received from other Member States of the EU for the full year should be entered in boxes EI and E2. If the amount paid by direct debit is less than the amount due a payment should be returned with the form. If, however, the VAT due by you is less than the amount paid by direct debit a repayment will be made to you by the Collector-General. A Form VAT3 is shown on page 8.

### **Return of Trading Details - Form RTD EUR**

This section must be completed by **all registered traders** giving a breakdown of the supply of goods and services, imports and deductible inputs at the various rates applicable during the year. This should include all Irish, Intra-EU and overseas trade. The form will be pre-printed showing your VAT No., the taxable period and the VAT rates in force during the year. You should show the VAT exclusive value of the supply of goods and services in the boxes on the form opposite the VAT rates shown. The TOTALS boxes (Z1, Z2, Z3 and Z5) should include **all the turnover**, including the turnover at exempt rates (boxes E3, E4, E5 and E6) and at the zero rate (boxes D4, D1, D2, J1 and J2). A Form RTD EUR is shown on page 6.

For traders availing of the 7th Directive Margin Scheme, relating to the sale of second hand goods only, the margin obtained on the supply of such goods should be included in the **total figures for supplies** shown. Further information is available from your local Revenue office or at www.revenue.ie

### Can I make my Returns annually?

YES. You can arrange to pay your VAT through the direct debit scheme and make an annual return/declaration of liability. A **single direct debit** instruction can be used for VAT and PAYE/PRSI. There is a more flexible direct debit option for seasonal business, which allows for payment of varying amounts each month to coincide with the seasonal nature of the business.

Information leaflet CG 7 (Direct Debit – PAYE/PRSI & VAT) gives further information and the leaflet includes an application/instruction for direct debit. The leaflet and further information may be obtained by calling Lo-Call 1890 20 30 70 and asking for the Direct Debit Section, by writing to Direct Debit, Collector-General, Sarsfield House, Francis Street, Limerick, from your local Revenue office, by e-mail cgdd@revenue.ie or www.revenue.ie

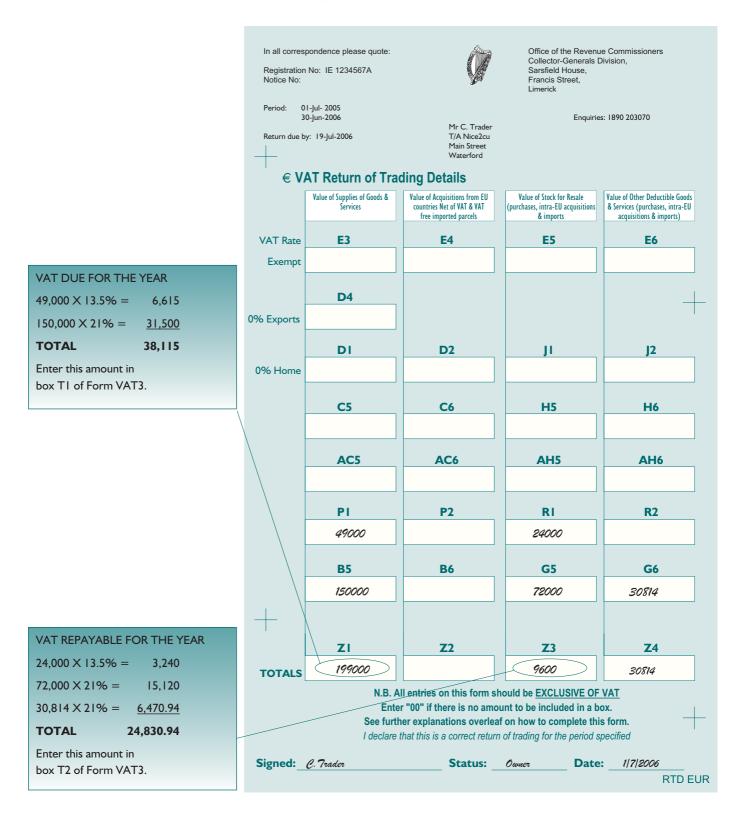
The due date for the submission of the annual return/declaration of liability to the Collector-General is the 19th of the month following the month in which your accounting period ends. For example if your accounting period ends on 30 June, then the annual return should be submitted to the Collector-General by the 19th of July.

### What are the benefits of paying by Direct Debit?

The benefits include:

- Less form filling as your VAT returns are made on an annual basis only. The annual return can be prepared for any period of twelve months which best suits your accounting arrangements or in the case of companies registered for Corporation Tax, the twelve month period which is the company's accounting period for Corporation Tax.
- Less post from Revenue (forms/reminders) and consequent time saving,
- Not being late with payments and avoiding interest charges.

### How the Annual Return of Trading Details is completed



This column should cover

the value of goods

### Notes on the Completion of the Return of Trading Details

This column should cover

the value of all stock that

This 'VAT' Return of Trading Detials' covers the period shown on the front of the form.

If no trade was carried out during the period, the only requirement is to enter "00" in the total boxes ("Z" boxes)

This column should cover

the value of

This column should cover

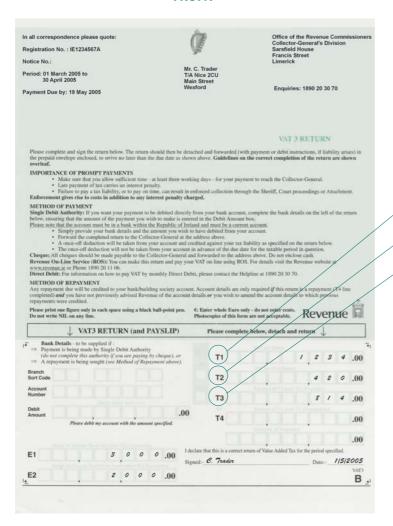
the value\* of goods &

was bought for re-sale. services supplied. The purchased that will not be → Intra EU acquisitions value should be broken The value should be resold but where VAT of goods (where VAT down by VAT rate and broken down by VAT rate paid can be claimed as has not been charged) included in the relevant and included in the an input credit. The value relevant rate box. rate box. should be broken down → Imported parcels by VAT rate and included \*For traders availing of The breakdown by VAT (where VAT has not in the relevant rate box. the 7th Directive Margin rate into the different been charged). Scheme (relating to the boxes should be based The breakdown by VAT The breakdown by VAT sale of second hand on the VAT rate rate into the different rate into the different boxes should be based goods) the margin applicable in Ireland to boxes should be based on the VAT rate obtained on the supply of the goods. on the VAT rate such goods should be applicable in Ireland to applicable in Ireland to included rather than the the goods. the goods. value of the goods. € VAT Return of Trading Details Value of Acquisitions from EU countries Net of VAT & VAT free Value of Supplies of Goods & Value of Stock fro Resale Value of Other Deductible Goods Services (purchase, Intra-EU acquisitions & Services (purchases, Intra-EU imported parcels & imports) acquisitions & imports) Each row refers to a different VAT rate. **VAT Rate E**3 **E4 E5 E6** The rate is Exempt indicated at the edge of each row. **D**4 Box D4 should contain the total value of goods that were zero rated because they were exported to non EU countries 0% Exports There are two or supplied to VAT registered persons in other EU countries types of 0% rates. See DI D2 **J2** across for 0% Imports explanations. **C5** C6 **H5 H6** All other zero rated Rates will vary situations from time to (including time as the VAT AC5 AC6 AH6 Section I3A) rates change. should be The same row should be used for included in PI R2 both old and this row. new rates. **B5** G5 G<sub>6</sub> Where there is no VAT rate indicated '00' should be entered across the row. ΖI **Z**2 **Z**4 **Z**3 N.B. All entries on this form should be **EXCLUSIVE OF VAT** RTD EUR Enter "00" if there is no amount to be included in a box.

If you have further queries on how to complete this form, ring 1890 20 30 70 and ask for the Return of Trading Details helpline. Queries regarding liability to VAT or the rate of VAT to be charged should be directed to your local Tax District. Please return the Return of Trading details by the due date. There is a penalty of €1,520 for failing to comply.

### Example showing how a bi-monthly VAT Return VAT3 is completed

#### **FRONT**

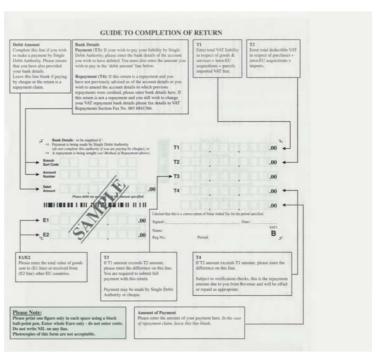


TI Box - VAT due by you for period

T2 Box - VAT reclaimable by you for period

T3 Box - VAT payable to Revenue

### **BACK**



## Paying and Claiming VAT

### How do I claim a VAT repayment?

If the VAT incurred by you exceeds the VAT charged by you in any two-month period you will be due a repayment of VAT. You should complete the VAT3 form issued to you and return it to the Collector-General to claim the repayment of VAT due to you. VAT repayments are paid directly by electronic transmission to a bank or building society account nominated by you. It is no longer possible to receive a cheque repayment. To enable processing of your VAT repayment claim, you must provide the Collector-General with details of the bank or building society account to which you wish to have the repayment sent. You can do this on the VAT 3 form. For further information on this scheme telephone the Collector-General's Division at LoCall 1890 20 30 70 or 00 353 61 488 000 (for international callers).

# Can I claim a credit for VAT paid against VAT charged?

YES. Once you are registered for VAT you may set-off VAT which you have been charged on goods and services purchased and used for your business against the VAT you have charged on such supplies. This is called an Input Credit.

A deduction is not allowed for VAT on any of the following, even when the services and goods in question are required or used for the purposes of a taxable business:

- The provision of food or drink, or accommodation or other personal services, for the taxable person, his/her agents or employees. Where this is a supply of services in respect of which the taxable person is accountable for VAT a deduction will be allowed
- Expenditure incurred by a taxable person on food and drink, or accommodation or other entertainment services, where such expenditure forms all or part of the cost of providing an advertising service in respect of which tax is due and payable by the taxable person
- Entertainment expenses incurred by a taxable person, his/her agents or employees.
- The acquisition (including hiring) of passenger motor vehicles otherwise than as stock-in-trade (that is, for resale) or for use in a vehicle hire or driving school business
- The purchase of petrol otherwise than as stock-in-trade.

If you use goods for private use in respect of which you were entitled to a deduction, a "self supply" is deemed to have taken place. This gives rise to a VAT liability in the same manner as if the goods were sold at cost in the course of business. The example below illustrates this point.

### **Example of Self Supply**

Mr. Jones has a shop selling adults shoes, which are chargeable to VAT at 21%. He purchases 100 pairs of shoes for €2,000 plus VAT of €420. He sells 96 pairs at €30 each (inclusive of VAT) and keeps 4 pairs for his own use. The VAT position is as follows:

Sale proceeds	(96 x €30)		€2,880 plus VAT of	€604.80
*Self Supply	(4 x €20)		€80 plus VAT due of	€16.80
Total		¥	€2,960	€621.60
VAT paid		-		€ <u>420.00</u>
VA <mark>T</mark> payable				€201.60

<sup>\*</sup>Mr. Jones is deemed to have made a sale of goods to himself at cost price.

### **Books and Records**

### Must I keep special records for VAT purposes?

You must keep your books and records in such a way that your VAT position can be clearly established. The type of records you need to keep will depend on the nature and size of your business.

The records kept must include books of account such as Sales and Purchases Books, Cash Book and Cheque Payments Book. You should ensure that they are properly written up and balanced on a regular basis.

You must retain these VAT records for a period of 6 years unless your Inspector of Taxes advises you otherwise. These records must be available for inspection by an authorised Revenue Officer, if required.

All supporting records such as invoices, bank and building society statements, cheque stubs, vouchers, till rolls, diaries, receipts and all other supporting documentation relevant to establish your VAT position should also be retained.

### **Example of Typical Books**

#### Sample Sales Book

Date	Customer	Invoice No.	Total €	VAT	21%	13.5%	Zero
1/3/06	J Black	701	1,210	210	1,000		
4/3/06	J Browne UK Ltd	702	2,000	nil			2,000
9/3/06	J Smith & Co.	703	3,630	630	3,000		

All sales (cash and credit) should be recorded in the sales book

### Sample Purchases Book (see note below)

				Goods for resale			Goods not for resale				
Invoice No.	Date	Supplier	Ref.	Total €	VAT	21%	13.5%	Zero	21%	13.5%	Zero
1427	8/3/06	J Murphy	1	2,420	420	2,000					
2356	9/3/06	JBC Ltd	2	1,210	210	1,000					
7432	10/3/06	ABC Ltd	3	2,250	267.62		1,982.38				
11786	11/3/06	ESB	4	1,125	133.81					991.19	

All purchases (cash and credit) should be recorded in the purchases book

### Sample Cash Book

Date	Source	Total €	Debtor	Cash Sale	Misc.	Cash Payments	Lodged
1/3/06	J Smith	1,210	1,210				1,210
2/3/06	Cash Sales	2,100		2,100		100	2,000
3/3/06	Revenue	150			150		150
5/3/06	J Browne	5,000	5,000				5,000

All cash received should be recorded in the cash book

### **Sample Cheque Payments Book**

Date	Payee	Cheque No.	Total €	Creditors	Wages	Petty Cash	Expenses
1/3/06	Wages/Salaries	12125	1,716		1,716		
8/3/06	J Murphy	12126	2,420	2,420			
9/3/06	JBC Ltd	12127	1,210	1,210			
10/3/06	Petty Cash	12128	300			300	
15/3/06	ESB	12129	1,125				1,125

All cheques issued should be recorded in the cheque book

#### Note

In the case of a small business there is no need to keep a separate purchases book if a claim is made for VAT input credits on a cash paid basis. The cash/cheque payments books should show the VAT paid to suppliers separately.

# Calculating VAT

### How do I calculate my VAT liability?

### Invoice/Sales Basis:

VAT is normally calculated on the invoice/sales basis. This means that the liability will be computed by reference to the total VAT shown on the invoices issued in the two month VAT period less the total VAT shown on the invoices received in that period. It does not matter whether payment has been received or made.

### **Example**

X Ltd prepares its VAT liability on an invoice basis. The calculation for the 2 months to 30 April 2006 is as follows:

### Sales Book

Date	Customer	Invoice No.	Total Gross €	VAT	Net 21%	Net 13.5%	Net Zero
1/3/06	J Murphy & Co	11263	18,882	3,277	15,605		
3/3/06	P Ryan & Co	11264	10,283	1,784	8,499		
5/3/06	ABC Ltd	11265	59,476	10,322	49,154		
8/3/06	S Smyth Ltd	11266	29,688	5,152	24,536		
9/3/06	RST Ltd	11267	21,789	3,781	18,008		
10/3/06	D Daly & Co	11268	36,149	6,273	29,876		
Totals			176,267	30,589	145,678		
VAT Charge	d (Box T1 of VAT3)	30,589					

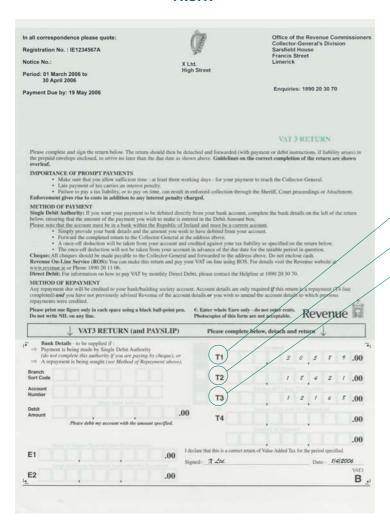
### **Purchases Book**

				Goods for resale			Goods not for resale				
Invoice No.	Date	Supplier	Ref.	Total €	VAT	21%	13.5%	Zero	21%	13.5%	Zero
2637	1/3/06	BMP Ltd	1	13,620	1,620					12,000	
1126	3/3/06	John Ltd	2	46,479	8,066	38,413					
2688	4/3/06	ABC Ltd	3	20,884	2,484					18,400	
1226	5/3/06	PEX Ltd	4	36,021	6,251	29,770					
Totals				117,004	18,421	68,183				30,400	
VAT Cre	dit (Box T2	of VAT3) 18,4	21	•				•	'	•	

The net VAT payable is  $\in$  12,168 (30,589-18,421) and this amount should be shown in Box T3 of the VAT3 and paid before 19 May 2006.

### How the form VAT3 for X Ltd is completed

#### **FRONT**

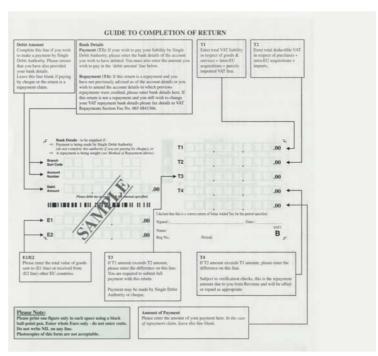


T1 Box - See calculations on previous page

T2 Box - VAT on purchases

T3 Box - VAT payable to Revenue

### **BACK**



### **Cash Receipts Basis**

You may opt to use the moneys received ("Cash Receipts") basis when calculating your liability if:

 at least 90% of your turnover consists of supplies of goods and services to unregistered persons

or

your annual turnover is not likely to exceed €635,000.

Retailers or others who do not normally issue VAT invoices will usually calculate their VAT liability on the cash receipts

basis. These businesses will generally quote VAT inclusive prices (i.e., the VAT element in the selling price is not shown separately). If the goods sold involve different VAT rates and you have difficulty apportioning the sales between the various VAT rates you may use what is known as a VAT Retailer Scheme to calculate the VAT liability on your sales. Details of these schemes are available at www.revenue.ie or from your Revenue office.

### **Example**

J Smyth is a shopkeeper who calculates his VAT liability on a cash receipts basis and records sales on a VAT inclusive basis. All sales are liable to VAT at 21%. The calculation for the 2 months to 30 April 2006 is as follows:

I. Total Cash Receipts (VAT inclusive @ 21%) Mar/April 2006 = €62,800

Net Sales = 
$$€62,800 \times 100\% = €51,900$$

VAT on sales €10,900 i.e. €62,800 - €51,900 (Box T1 on VAT 3)

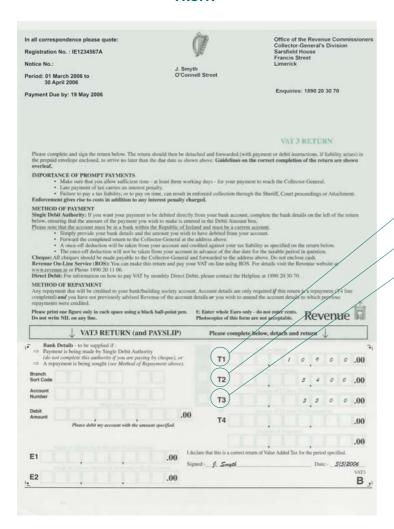
2. Total VAT charged on Invoices received for goods for resale, Mar/April 2006 = €5,400

Enter €5,400 in Box T2 on VAT3

The net VAT payable is  $\in$ 5,500 ( $\in$ 10,900 -  $\in$ 5,400) and this amount should be shown in Box T3 of the VAT3 and paid before **19 May 2006**.

### How the form VAT3 for J. Smyth is completed

#### **FRONT**

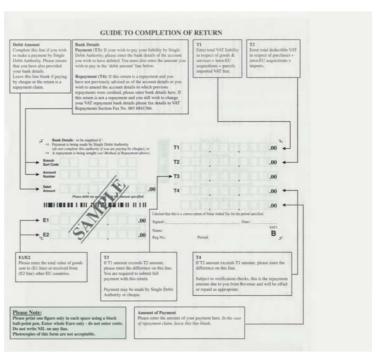


T1 Box - See calculations on previous page

T2 Box - VAT on purchases

T3 Box - VAT payable to Revenue

### **BACK**



### Invoices

### **Issue of Invoices**

Once you are registered for VAT, you are obliged to issue an invoice when you supply goods or services to another registered trader or to a person entitled to a repayment of VAT.

The invoice must contain the following details:

- I. Your name, address and VAT number
- 2. The name and address of the customer
- 3. The date of issue of the invoice and the date of supply of the goods or services
- 4. A full description of the goods or services
- 5. The quantity or volume of goods supplied
- The amount charged (excluding VAT), the VAT rate and the amount of VAT.
- 7. A sequential number, based on one or more series, which uniquely identifies the invoice.

The invoice must be issued within 15 days of the end of the month in which the goods or services are supplied.

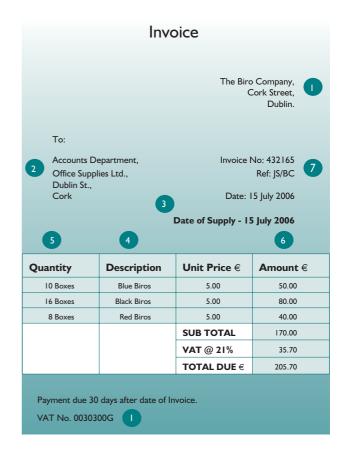
Retail business, e.g., grocer shops, pubs, etc., need not normally issue formal VAT invoices.

It should be noted that a taxable person is required if requested in writing to issue a VAT invoice in respect of a transaction with an unregistered person in the State who is entitled to a repayment of VAT. A taxable person is not required to issue a VAT invoice to an unregistered person otherwise, but may do so if he or she so wishes.

# Intra-Community Trade and VAT in other EU Member States

If you are involved in purchasing or selling goods within the EU you will require more detailed information and full details are in the comprehensive "Guide to Value Added Tax" which is available at www.revenue.ie from Revenue Forms and Leaflets Service at LoCall 1890 306 706 (24 hour) or your Revenue office.

Irish VAT registered businesses who make supplies of goods or services in other Member States of the EU may be required to register for VAT in those Member States. It should be noted that a trader does not need to have an establishment in a Member State to be required to register for VAT there. Irish VAT registered traders who are charged VAT in other Member States of the EU may, subject to whatever conditions are laid down by that Member State, be entitled to a refund of the VAT charged.



### **Further Information**

This Guide is for general information only and does not attempt to cover every issue which can arise in relation to Value Added Tax, nor does it aim to give an interpretation of the legislation involved.

If you need further information or clarification on any point please refer to Revenue's "Guide to Value Added Tax" available at www.revenue.ie, Revenue's Forms and Leaflets Service LoCall 1890 306 706 (24 hours) or your Revenue office.

# Appendix I

### Useful Addresses, Telephone Numbers, and Local Offices.

Revenue Regions & District Offices	Address	Telephone	
Dublin Region			
City Centre (Dublin city postal areas 1 & 2)	14/15 Upper O'Connell Street, Dublin 1	01 - 86 55 000	
South City (Dublin City south of the Liffey excluding postal area 2)	85-93 Lower Mount Street, Dublin 2	01 - 64 74 000	
North City (Dublin City north of the Liffey excluding postal area 1)	14/15 Upper O'Connell Street, Dublin 1	01 - 86 55 000	
South County (Local Authority area)	Plaza Complex, Belgard Road, Tallaght, Dublin 24	01 - 64 70 700	
Fingal (Local Authority area)	Block D, Ashtown Gate, Navan Road, Dublin 15	01 - 82 77 700	
Dun Laoghaire/Rathdown (Local Authority area)	Lansdowne House, Lansdowne Road, Dublin 4	01 - 63 29 400	
Central Revenue Information Office	Cathedral Street, Off Upr. O'Connell Street, Dublin 1	Personal callers only	
Tallaght Revenue Information Office	Level 2, The Square, Tallaght, Dublin 24	Personal callers only	
Dublin Regional PAYE LoCall Number for Employees 1890 33 3	4 25		
South West Region			
Cork East (includes City Centre, North City and North County east of the Mallow Road)	Government Offices, Sullivan's Quay, Cork	021 - 43 25 000	
Cork South West (includes South City and South County)	Government Offices, Sullivan's Quay, Cork	021 - 43 25 000	
Cork North West (includes rest of City and County)	Government Offices, Sullivan's Quay, Cork	021 - 43 25 000	
Limerick	River House, Charlotte's Quay, Limerick	061 - 21 27 00	
Clare	River House, Charlotte's Quay, Limerick	065 - 68 49 000	
Kerry	Government Offices, Spa Road, Tralee, Co. Kerry	066 - 71 61 000	
South West Regional PAYE LoCall Number for Employees 1890	22 24 25		
Border Midlands West Region			
Galway County	Hibernian House, Eyre Square, Galway	091 - 53 60 00	
Galway/Roscommon (Galway City and Co. Roscommon)	Hibernian House, Eyre Square, Galway	091 - 53 60 00	
Mayo	Michael Davitt House, Castlebar, Co. Mayo	094 - 90 37 000	
Sligo (includes counties Sligo, Leitrim and Longford)	Government Offices, Cranmore Road, Sligo	071 - 91 48 600	
Donegal	Government Offices, High Road, Letterkenny, Co. Donegal	074 - 91 69 400	
Westmeath/Offaly	Government Offices, Pearse Street, Athlone, Co. Westmeath	090 - 64 21 800	
Louth	Government Offices, Millennium Centre, Dundalk, Co. Louth	042 - 93 53 700	
Cavan/Monaghan	Government Offices, Millennium Centre, Dundalk, Co. Louth	042 - 93 53 700	
Border Midlands West Regional PAYE LoCall Number for Empl	oyees 1890 77 74 25		
East South East Region			
Tipperary	Government Offices, Stradavoher, Thurles, Co. Tipperary	0504 - 28 700	
Kilkenny (includes counties Kilkenny, Carlow and Laois)	Government Offices, Hebron Road, Kilkenny	056 - 77 60 700	
Waterford	Government Offices, The Glen, Waterford	051 - 86 21 00	
Wexford	Government Offices, Anne Street, Wexford	053 - 91 49 300	
Kildare, Meath & Wicklow Customer Service	Grattan House, Lower Mount Street, Dublin 2	01 - 64 70 700	
East & South East Regional PAYE LoCall Number for Employed	es 1890 44 44 25		

# Appendix I contd.

### **Useful Addresses, Telephone Numbers, and Local Offices.**

Collector General's Division - List of Offices and Contact Details								
Section	Address		e-mail (where applicable)		Telephone			
Collector General, Payment Processing, Debt Management, tax payment queries (Business & Self-Employed)	Collector General, Sarsfield House, Francis Street, Limerick		cg@revenue.ie		1890 20 30 70 00353 61 488 000 (for International callers)			
Employer's, Foreign Traders, P35 & BIK Helpline	Collector General, Government Offices, Nenagh. Co. Tipperary.		employerhelp@revenue.ie		1890 254 565 +353 67 63 400 (for International callers)			
Accountant General (VAT Repayments)								
Accountant General's Branch	Government Offices, Kilrush Road, Ennis Co. Clare				065 684 9000			
					1890 20 20 33			
VAT Repayments-Registered (for refunds to Registered persons)	River House, Charlotte's Quay, Limerick,		regvat@revenue.ie		061 212700 1890 25 26 25 Fax 061 402150			
VAT Repayments - Unregistered (for refunds to certain Irish claimants)	Government Offices, Kilrush Road, Ennis Co. Clare		unregvat@revenue.ie		065 684 9000 1890 20 20 33			
VAT Repayments - Unregistered (for refunds to foreign traders)	Government Offices, Kilrush Road, Ennis Co. Clare		unregvat@revenue.ie		00 353 65 684 9000			
Opinions & Statutory Clearance Queries								
Name	Address		E-Mail		Telephone			
VAT Interpretation Branch	Dublin Castle, Dublin 2		vatinfo@revenue.ie		01 674 8858			
Other Offices/Services								
Central Revenue Information Office	Cathedral Street, Off O'Connell Street, Dublin 1		Personal callers only					
Tallaght Revenue Information Office		Level 2, The Square, Tallaght, Dublin 24.		Personal callers only				
Revenue Forms & Leaflets Service		Telephone Service (24hrs) 18		1890 306 7	1890 306 706			
Revenue website: www.revenue.ie								
Revenue On-Line Service (ROS): www.revenue.ie								

Every care has been taken to ensure accuracy in the compilation of this list of contact numbers. However, some information is liable to change after publication. An up-to- date listing of all Revenue offices, contact numbers and e-mail addresses is available on Revenue's website www.revenue.ie

# Appendix II Customer Service Charter

Revenue collects taxes and duties which fund the provision of public services for the benefit of all citizens.

Revenue protects society through its Customer Service working on frontier control.

The effective and fair administration of tax and customs law requires Revenue and citizens to recognise certain basic rights and responsibilities.

This Customer Charter sets out mutual expectations in this context.

### Consistency, Equity and Confidentiality

Revenue will administer the law fairly, resonably and consistently and will seek to collect no more than the correct amount of tax or duty.

Revenue will treat the information you give us in confidence and ensure that it will not be used or disclosed except as provided for by law.

### **Courtesy and Consideration**

You can expect to be treated courteously, with consideration and in a non-discriminatory way in your dealings with Revenue.

We expect you to treat Revenue officials with courtesy and to give them all resonable co-operation.

### **Information and Assistance**

**You can expect** to be given the necessary information and all reasonable assistance to enable you to clearly understand and meet your tax and customs obligations and to claim your entitlements and credits.

We expect you to provide true and correct information in all your contacts with Revenue and to advise Revenue in a timely manner of developments (such as change of address, commencement or cessation of business) that are relevant to your tax and customs affairs.

### **Presumption of Honesty**

**You can expect** to be treated as honest in you dealings with Revenue unless there is clear reason to believe otherwise and subject to Revenue's responsibility for ensuring compliance with tax and customs law.

We expect you to deal in an honest way with Recenue by returning the tax and duty which you are due to pay and seeking only those entitlements and credits to which you are due.

### **Compliance Costs**

You can expect that Revenue will administer the tax and duty regimes in a way that will minimise, as far as possible, compliance costs.

We expect you to maintain proper records and accounts and to ensure that your Returns and Declarations are completed fully, accurately and in a timely manner.

### **Complaints, Review and Appeal**

There are comprehensive complaints and appeal procedures open to all customers of Revenue and we encourage you to avail of these if you are in any way dissatified with the service you receive from us.

### Your can expect:

- That if you make a complaint, Revenue will deal with it promptly, impartially and in confidence.
- That availing of Revenue's own complaints procedures will never prejudice your rights to raise issues with the Ombudsman or lodge, within the statutory time limits, a formal appeal to the Office of the Appeal Commissioners against an assessment raised by Revenue or against certain determinations made by Revenue officials.

Full details, including contact points, are contained in Leaflet CS4 which is available on our website, **www.revenue.ie**, from our Forms and Leaflets LoCall number 1890 306 706 and in any Revenue public office.

This guide does not attempt to cover every issue which can arise in relation to Value Added Tax, nor does it aim to give an interpretation of the legislation involved. If you find this guide does not answer all of your questions or if you have additional concerns, refer to our website, **www.revenue.ie** or contact your local Revenue office.