

## **TAXREP 19/01**

### **VAT REGISTRATION FORM VAT 1**

*Extract from a letter sent in October 2001 to Customs by the Tax Faculty of the  
Institute of Chartered Accountants in England and Wales in response to an  
invitation to comment issued in August 2001*

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## **REVISED FORM VAT1: REGISTRATION APPLICATION FORM**

### **Introduction and general comments**

1. ...We welcome your invitation to express a view on the location of the notes and the opportunity to comment on a further draft of form VAT1...
2. We would reiterate our comments in our letter dated 13 March 2001 (published as TAXREP 5/01), particularly our suggestion that Customs register traders on receipt of a simple form and seek additional information later.
3. We are disappointed that there is a fundamental difference between us on strategy for dealing with new registrations. We would like to see registration as a simple return of post process. However, we think that separate and urgent enquiries are necessary in the case of some new registrations. We are not suggesting that any money should be repaid to newly registered traders until the detailed enquiries deemed necessary have been completed. We appreciate that repayments are not the only problem and we are not suggesting that less information should be gathered. We also agree that in order to combat fraud, requests for information must be followed up promptly.
4. However, for the honest trader who is expected to be an unpaid tax collector the process of registering for VAT should be as painless and as automatic as possible. Reducing burdens on business is most important at the time a new business is starting up. Once it is established it can cope better with all the requirements of regulators and tax collectors.
5. We suggest also that the form and notes be checked for technical accuracy before publication.

### **Location of explanatory notes**

6. We consider that notes should be retained on the form. Keeping the notes on the form is the most direct means of conveying the necessary guidance to the person filling it in. We accept that this would duplicate what may already be contained in the Notice, but it would be misleading to suggest that everyone completing the form will have a copy of the Notice. Some people may even be put off by the idea that there is another leaflet that they have to refer to. If it is considered essential to eliminate duplication then the notes should be removed from Notice 700/1, rather than from the form.
7. We have, of course, considered the question of whether the form would be too long and too daunting for the average trader if all the notes are included in the form. A balance has to be struck in designing the form. We suggest that sufficient notes be provided on the form to enable most traders to be able to complete it using the information available on the face of the form.

### **Comments on Notes and Boxes**

8. **Note 4 and Box 4.** We assume that the Box is meant to refer to the correspondence address that the trader would prefer Customs to use to send returns and other

communications on VAT. It would be helpful if it said that or made separate provision for such an address etc to be provided, if different. This would accommodate businesses which are established at one location and have their main place of business elsewhere, including businesses which have a principal place of business in a Member State other than the UK but which have a place of business in the UK.

9. **Boxes 15, 16 and 18 and the corresponding Notes** do not always elicit the correct answer for when a person should be registered. Box 15 asks if taxable supplies in the past 12 months or less have gone over the registration limit. The note on the face of VAT 1 states that the registration date will be one month after the month in which the registration limit was exceeded. Box 16 asks if taxable supplies in the next 30 days are expected to exceed the registration limit. The inference is that the registration date will be the date on which the form is completed. Neither of these is necessarily correct (see para 1, Schedule 1, VAT Act 1994).
10. We suggest rewording Box 15 to read: "Have your taxable supplies in the past 12 months gone over the registration limit and/or has there been a point in the past when taxable supplies in the previous 12 months exceeded the registration limit?" and Box 16 to read: "Do you expect the taxable supplies you will make in the next 30 days alone will exceed the registration limit and/or has there been a date in the past when there were ground for believing that your taxable supplies would exceed the registration limit in the next 30 days alone?". The form itself could then be redesigned to produce the correct date on which registration should begin.
11. **Box 17** (voluntary registration) should ideally come after Box 18.
12. **Note 21** ignores the fact that outside-the- scope supplies also do not attract VAT at the standard or reduced rate or the zero rate.

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