



Questions about Early VAT Registration

1. When do I 'Have to' register for VAT?

You can register for VAT voluntarily but once you reach turnover of £82,000 in a rolling 12 months you have to. If in the previous 12 months your turnover has reached the VAT threshold amount of £82,000 or you expect it to in the next 30 days then you must register for VAT.

2. Can I register for VAT if my turnover won't hit the threshold?

Yes you can! Registering for VAT before you hit the threshold can be beneficial as it could make you more money! You will be able to reclaim back VAT you pay on purchases for your business.

Some companies may only work with suppliers who are also VAT registered. Think about your customers! If they are the general public they won't be able to claim back VAT and this could make you more expensive to them.

3. Can I be VAT registered and not Limited?

Yes! VAT relates to your sales and not the status of the business.

4. How does being VAT registered affect my business?

The day you register with HMRC for VAT is the day you must start charging VAT on all your goods and services. The VAT rate is currently 20%. It can take up to 30 days to receive your VAT certificate, but don't wait this long to start accounting for VAT. Every quarter you must submit a VAT return to HMRC, This can be done online and must show all your 'Output tax', the total VAT your company has charged to customers. You also include the VAT you have paid on purchases for the company such as supplies, stock etc. This is 'Input tax'. If the VAT charged to you is more than the VAT charged by you then you can receive a refund.

We can prepare and file your VAT returns with prices starting from £50 per quarter depending on the complexity.

5. Some benefits of being VAT registered

- Some companies only deal with VAT businesses.
- Being VAT registered means you can reclaim the Input Tax you have been charged when buying goods for the company but be aware of goods and expenses where you will not have been charged VAT e.g. Insurance.
- Your Customers/ Clients that are VAT registered will usually be able to reclaim the VAT you charge them, not a direct advantage for you but the customer may be more likely to use you again knowing you are VAT registered as they can reclaim their Input tax.

6. Some other things to consider:

- Are other businesses you work with VAT registered – remember you can reclaim the VAT they charge you and vice versa
- How much VAT do you foresee being charged to you? If it's a lot then it's probably worth VAT registering. If not you won't be reclaiming VAT so weigh up the financial benefits either way.
- Flat rate VAT might make you even more money, especially if you are a service business. See our Flat rate percentages guide for more information.

Still not sure whether to register for VAT? For more guidance please get in touch.



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