

Your guide to registering for VAT

A guide for hospitality businesses.

When do you have to become VAT registered and what is the process for doing so?

This guide covers all of this and explores some myths too!

What is VAT?

VAT, or Value Added Tax, is a tax added to the value of goods and services by VAT registered businesses.

Here's how it works:

When a business sells a product or service, they include VAT in the selling price. The standard VAT rate in the UK is usually 20%, but some items have a reduced rate of 5%, and others are exempt or zero-rated.



For example, if you buy something for £100 with a 20% VAT rate, the total price you pay will be £120 (£100 + £20 VAT).

Businesses registered for VAT collect this tax on behalf of the government. Then, they submit the VAT they've collected to HM Revenue & Customs (HMRC). VAT is an important source of revenue for the UK government, helping to fund public services like healthcare, education, and infrastructure.

As a consumer, you might not always notice VAT explicitly listed on your receipt, but it's there in the final price you pay for most goods and services. Businesses, on the other hand, need to carefully manage their VAT responsibilities to comply with the law and contribute their fair share to the country's finances.

When you need to be registered for VAT

Voluntarily

You can choose to register for VAT. So why would you want to do this?

Well, you can't claim VAT you've paid unless you are VAT registered. So, if you are spending a lot in your business with VAT included, you may want to register.

You also might be required to register for VAT as part of a contract with your pub company.

Transfer of a business as a going concern (TOGC)

If you are taking over a business that is running as a going concern, then you must register for VAT (assuming the previous business was VAT registered and the expected turnover goes over the threshold). [Find out more about VAT as a TOGC business here.](#)

As an example, the Dog and Duck pub has been trading for a number of years, but the current tenant is leaving, and you are taking over as a new tenant.

There has been no significant interruption in trade from the previous VAT paying tenant and you. The business did, and will, take over £85,000 a year, so HMRC needs you to pay VAT from day one.

Threshold

You must register if your total VAT taxable turnover for the last 12 months was over £85,000 (the VAT threshold as of tax year 2023/24) or you expect your turnover to go over £85,000 in the next 30 days.



Find out more about when to register for VAT

How to register for VAT

You can register for VAT yourself, but we strongly recommend having your accountant do it. A mistake made in the application process can cause even further delays in an already backlogged system.



This is something we do for our clients at no charge!

So, what is the process?

You or your accountant will make the application online.

It can be done by post, but we don't recommend that due to potential for even further delays or information getting lost in the post.

If you *do* want to apply by post, you will need the [VAT1 form](#).

Certain information will be required that you should have ready, whether you are doing it yourself or you are having your accountant do it.

See overpage for details of the information required.

DON'T FORGET

Your VAT registration number and certificate will be sent to the stated 'business address' so ensure that you give an address you have access to. E.G. don't put the pub address if you haven't moved in yet. You can always change the address later.

How to register for VAT

Information required.

- ✓ Full name (inc' previous name and date changed if applicable)
- ✓ Date of birth
- ✓ NI number
- ✓ Home address (and previous if less than 3 years at present)
- ✓ Phone number and email address
- ✓ Ltd Co reg number
- ✓ Ltd Co UTR (or sole trader/partnership UTRs)
- ✓ Company name/sole trader/partnership names
- ✓ Business trading name (e.g. pub name)
- ✓ Trading address (This is the address your VAT number will be posted to, so make sure it is an address you have access to. You can put your home address if you need to, and change it once registered.)
- ✓ Estimated annual turnover
- ✓ VAT start date (when you want to be registered from)
This can't be more than 3 months in advance.
- ✓ VAT number from previously registered business in case of TOGC

You can also go [here](#) for a checklist you can print to collect this information together.

We can help our clients with this process at no charge, please [contact us](#) to find out more, or email us on support@roslyns.co.uk

DON'T FORGET

When we apply on behalf of a client, we retain all the details provided and the resulting application reference details, including PDF copies of all. If you are doing an application yourself, you should also be doing this.

What happens next

Once my VAT registration application is submitted, what happens next?

Registration is not immediate and HMRC are currently working on a large backlog. You can expect it to take around 2 or 3 weeks, and you can't contact HMRC to find out about your application until 40 days have passed, and even then, only by email, there is currently no phone number for chasing up VAT registration applications.



When will HMRC get back to me?

Once your application has been accepted, your VAT documents will arrive by post, or HMRC will contact you if they require any further information on your application.

DON'T FORGET

When you become VAT registered, HMRC will be expecting you to be paying VAT (and reclaiming VAT) from the date you gave as your 'VAT start date'. They will refer to this as the EDR (Effective Date of Registration).

So, make sure you are saving ALL business-related receipts and invoices. Roslyns provide a FREE receipt management system as part of our Roslyns Client Portal.

Myth busting



There are many myths and incorrect assumptions around VAT.

You must remember that HMRC does not treat all industries the same, and VAT is no exception.

As hospitality business specialists, Roslyns have been dealing with this for over 30 years!

..'I pay VAT on purchases then I have to pay a VAT bill – so I'm paying twice'...

Fortunately not. Let's say in a week your turnover is £5000, so your 20% VAT bill would be £1000. But on that same week you spend £800 as VAT on purchases, your VAT liability would be £1000 *minus* £800, so just £200.

Essentially you pay 20% of your turnover, *minus* the VAT you already paid on purchases.

I don't need to register for VAT until I reach the threshold.

Not always true. If you are taking over a VAT registered business, or trading from a premises in the same way as a previously VAT registered business then you must be registered straight away. It is known as **Transfer of a business as a going concern.**

Find out more.

Once you register for VAT, you can reclaim all VAT on your business expenses.

Businesses registered for VAT can reclaim VAT on eligible business expenses, but not all expenses are eligible. Certain items, such as expenses related to personal use or those used for non-business purposes, are excluded from VAT reclaims.



Find out more about VAT from HMRC

Further support ...

As specialists in business services to the hospitality sector, Roslyns can help every step of the way. Just click or tap your way to knowledge!

[What taxes will my hospitality business pay?](#)

[How can I pay less tax?](#)

[What about my own income and taxes?](#)

[What do I need to do when employing staff?](#)

[Is stocktaking important in a hospitality business?](#)

[CONTACT US](#)

Links to the official government advice

[Setting up as a sole trader](#)

[Setting up a limited company](#)

[Business taxes](#)

[Personal Taxes](#)

[Employer taxes](#)

Please note: These guides are based on the tax year during which they were written and are intended to outline the basic aspects of the topics addressed.

Please take advice based on your specific situation and business.

Contact us on support@roslyns.co.uk