VAT Training

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CMG Training
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A fellow of the Institute of Chartered Accountants Ireland and a Chartered Tax Advisor (CTA) with the Irish Tax Institute.

Director in Grant Thornton’s VAT department, with over 23 years of extensive experience in providing Indirect Tax compliance and advisory services.

Worked with three other Big Four firms and two major multinational companies, including a renowned UK global pharmaceutical company and a leading US global manufacturing company.

For the past decade, actively involved in delivering the Irish Tax Institute's Indirect Tax education programme.

Agenda

- VAT Fundamentals
- Supplies & Place of Supply
- VAT on Sales (Domestic & EU)
- VAT on Purchases & Recovery
- International & post-Brexit VAT
- VAT Compliance & Reporting
- Risk, Audits & Public Sector

VAT Fundamentals

- Principles of the VAT system
- Taxable vs Accountable Persons
- VAT Rates in Ireland
- When are you actually entitled to be VAT Registered
- VAT Registration thresholds & special cases
- Group Registration

Direct v Indirect Tax

- Direct Taxation comprises tax which is directly levied on the citizens of a country i.e. Irish individuals and businesses pay income tax or corporate tax as appropriate, based on the sources of income accruing to them

- Once an individual/company generates income, it must pay either corporation tax or income tax on that income

- By contrast, indirect taxation comprises the taxes that are applied to an activity or a commodity. The tax is not paid directly to Revenue by the person on who it is levied (the customer), but rather it is paid “indirectly” to Revenue through a series of persons (e.g. the supplier) who engage in business transactions.

- Examples of indirect taxes are VAT, Excise Duty and Customs Duty

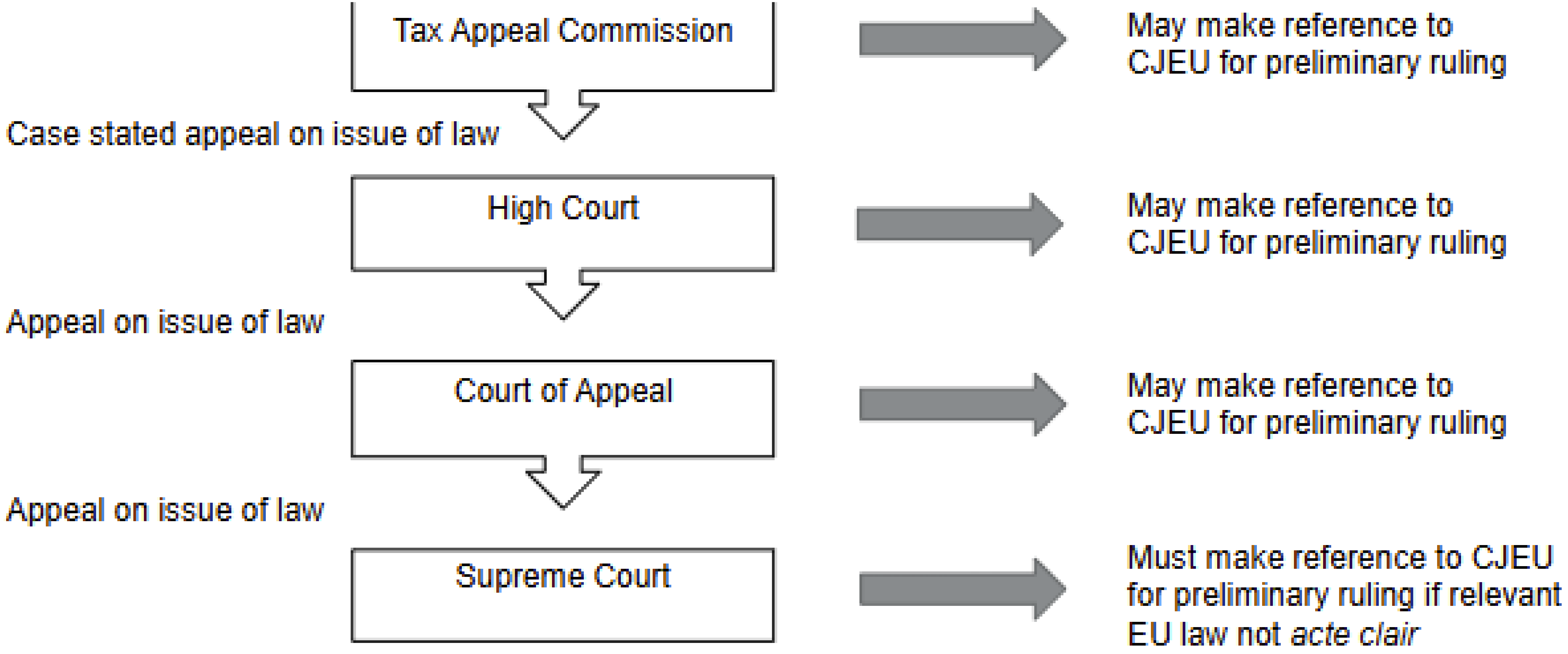
Supremacy of EU law over national law

- Where there is conflict between EU law and national law, EU law prevails

- EU Directive can be relied upon directly where MS fails to correctly implement provisions into national law

- Vertical direct effect - individual can rely upon a Directive against MS but MS cannot rely on direct effect to fix omission/inconsistency in national law

Irish Courts and Tax Appeals Commission



What is VAT

- VAT is chargeable, leviable and payable on the following transactions;
  (a) The supply for consideration of goods by a taxable person acting in that capacity when the place of supply is the State;
  (b) The importation of goods into the State;
  (c) The supply for consideration of services by a taxable person acting in that capacity when the place of supply is the State;
  (d) The intra-Community acquisition for consideration by an accountable person of goods (other than new means of transport) when the acquisition is made within the State;
  (e) The intra-Community acquisition for consideration of new means of transport when the acquisition is made within the State.

What is VAT

- VAT is therefore a transaction-based tax which is payable on sales of goods or services within the territory of the Member States of the EU
- VAT is chargeable on the total consideration which the taxable person is entitled to receive for the goods or services supplied including all taxes, commissions, costs, and charges
- The tax, in all cases, is ultimately payable by the final consumer of the good or service. Each party in the chain of supply (manufacturer, wholesaler and retailer) acts as a VAT collector and pays VAT on the Value added, hence the name of the tax.
- Businesses collect VAT from their customer and include that VAT in their VAT return to Revenue. When returning the VAT collected, they can reclaim, as appropriate, VAT which has been charged to them by their suppliers.
- For VAT purposes, the territory of the State includes its territorial sea. The territorial sea of the State extends to a limit of twelve nautical miles.

Taxable v Accountable Person

- A taxable person is any person who independently carries out a business in the EU or elsewhere. It includes persons who are exempt from VAT as well as flat-rate (unregistered) farmers.
- An accountable person is a taxable person (for example, an individual, partnership, company) who:
  - supplies taxable goods or services in the State, and
  - is registered or required to register for VAT

  As such, they are required to charge VAT in the State.

Who should register for VAT

- Generally, you must register for VAT if you are an accountable person
- A person carrying out only exempt activities or non taxable activities may not register for VAT. However, a person carrying on exempt activities or non taxable activities may have to register for VAT in certain situations, for example:
    - ➢ acquiring goods from other Member States, or
    - ➢ receiving services from abroad.

VAT thresholds

- VAT registration is obligatory when your turnover exceeds, or is likely to exceed, the VAT thresholds. The thresholds depend on your turnover in any continuous 12-month period.
- If the turnover is less than a threshold limit, you may elect to register for VAT
- The principal thresholds are as follows:
- **€42,500** in the case of persons supplying services only.
- **€85,000** for persons supplying goods.
- **€10,000** for taxable persons making mail-order or intra-community distance sales of goods and cross-border telecommunications, broadcasting and electronic (TBE) services into the State.
- **€41,000** for persons making acquisitions from other EU Member States

Exemption from VAT

- Where a taxable person supplies only exempt goods or services, they are not generally entitled to register for Value-Added Tax (VAT)
- However, in specific circumstances the trader may be required to register and account for VAT This occurs where the trader makes intra-community acquisitions, or is in receipt of services from abroad
- Where a taxable person supplies both taxable and exempt goods or services, they may be required to register for VAT
- VAT registration relates to your taxable supplies only. Therefore, if you carry out both exempt and taxable activities, you can only reclaim VAT relating to your taxable activities

Qualifying activities

- You can reclaim VAT on costs incurred in making taxable supplies of goods or services. You can also reclaim VAT on costs incurred in respect of certain listed activities, even though those activities are not taxable. These activities are known as 'qualifying activities'.

These qualifying activities are:

- transport outside the State of passengers and their accompanying baggage
- supplies of goods which, by virtue of the distance sales rules, are deemed to have taken place in another Member State. This is provided that the supplier is registered for VAT in that other Member State.
- certain financial and insurance services supplied outside the European Union (EU) or directly in connection with the export of goods to a place outside the EU, and
- supplies of goods or services outside the State that would be taxable supplies if made in the State.

Foreign Traders

- A person, while not established in the State, needs to register and account for VAT if that person supplies:
  - taxable goods to ‘taxable customers’ in the State, or
  - services to ‘taxable customers’ in the State.

  This applies irrespective of the level of turnover i.e. a nil threshold applies for Foreign Traders.

VAT rates

- **Zero rate 0%** (Sch 2): certain food and drink, oral medicine, certain books, e-books, audiobooks, newspapers, children’s clothing and footwear, cross-border transactions. Supplier is entitled to full input credit for any VAT suffered on its business purchases
- **Reduced Rate 13.5%** (Sch 3): catering & restaurant (excluding alcohol & soft drinks), hot take-away food & drinks, building services, cleaning & maintenance, certain supplies of immovable goods
- **Second reduced rate 9%** (Sch 3): hairdressing, hotel/guesthouse, admission to cinema/theatre/museums, Gas & Electricity, construction of qualifying apartments
- **Livestock** rate: 4.8%
- **Standard rate: 23%** applies to most goods & services

VAT Groups

- VAT groups are at the heart of VAT administrative compliance and an efficient tool to minimise VAT administration
- A VAT group is a group of persons established in the State which is treated as a single accountable person.
- VAT group registration removes the necessity of issuing VAT invoices in respect of transactions within the group (except in the case of certain property transactions)
- Important to note – Joint and Several Liability
- 30-day rule when exiting a VAT group to inform Revenue
- Impact of status of each person within a VAT group, e.g. exempt person or holding companies – potential VAT recovery dilution.

VAT Groups

- Two or more persons are established in the State.
- closely linked by financial, economic and organisational links. Companies are generally treated as
  being "closely linked" if:
  – One owns 50% or more of the share capital of another, or
  – One owns 50% or more of the voting power of another, or
  – One has power to appoint 50% or more of the board of the other.
- Group registration seems necessary or appropriate to the Revenue for the purpose of efficient and effective administration of VAT.
- At least one of the applicants must be an accountable person (Section 15(1) VATCA10)
- It is not a condition that every member of the group has to be an accountable person. Holding companies are permitted to be part of a group.

Who files the VAT return for a VAT group

- One of the members of the group is established as the group remitter. This member becomes responsible for dealing with all VAT requirements for the whole group. This includes:
- Submission of VAT returns, and
- making VAT payments with the Collector General.
- Where VAT compliance is not achieved, each person or company in the group will be jointly and severally liable for any liabilities arising.
- Revenue must be satisfied that it is in the interest of efficient administration. The group remitter must submit a Form VAT52
- The remaining entities of the VAT group are referred to as group non–remitters. Non-remitters must submit a Form VAT53

Supplies & Place of Supply

- Supply of goods & Services
- Place of Supply rules
- VAT Exemptions
- Supply & Install contracts
- Section 56 Relief

What is a supply of goods

- the transfer of ownership of goods by agreement
- the sale of movable goods on a commission basis by an auctioneer or agent.
- the handing over of goods under a hire-purchase contract
- the handing over by a person to another person of immovable goods - a property which has been developed
- the application by an accountable person of movable goods to some private or exempt use
- the appropriation by an accountable person of goods other than for the purposes of his or her business
- the provision of electricity, gas and any form of power, heat, refrigeration or ventilation
- the transfer of goods from a business in the State by a taxable person to another European Union Member State. The supply of goods in this case is for business purposes.

Place of supply rules for goods

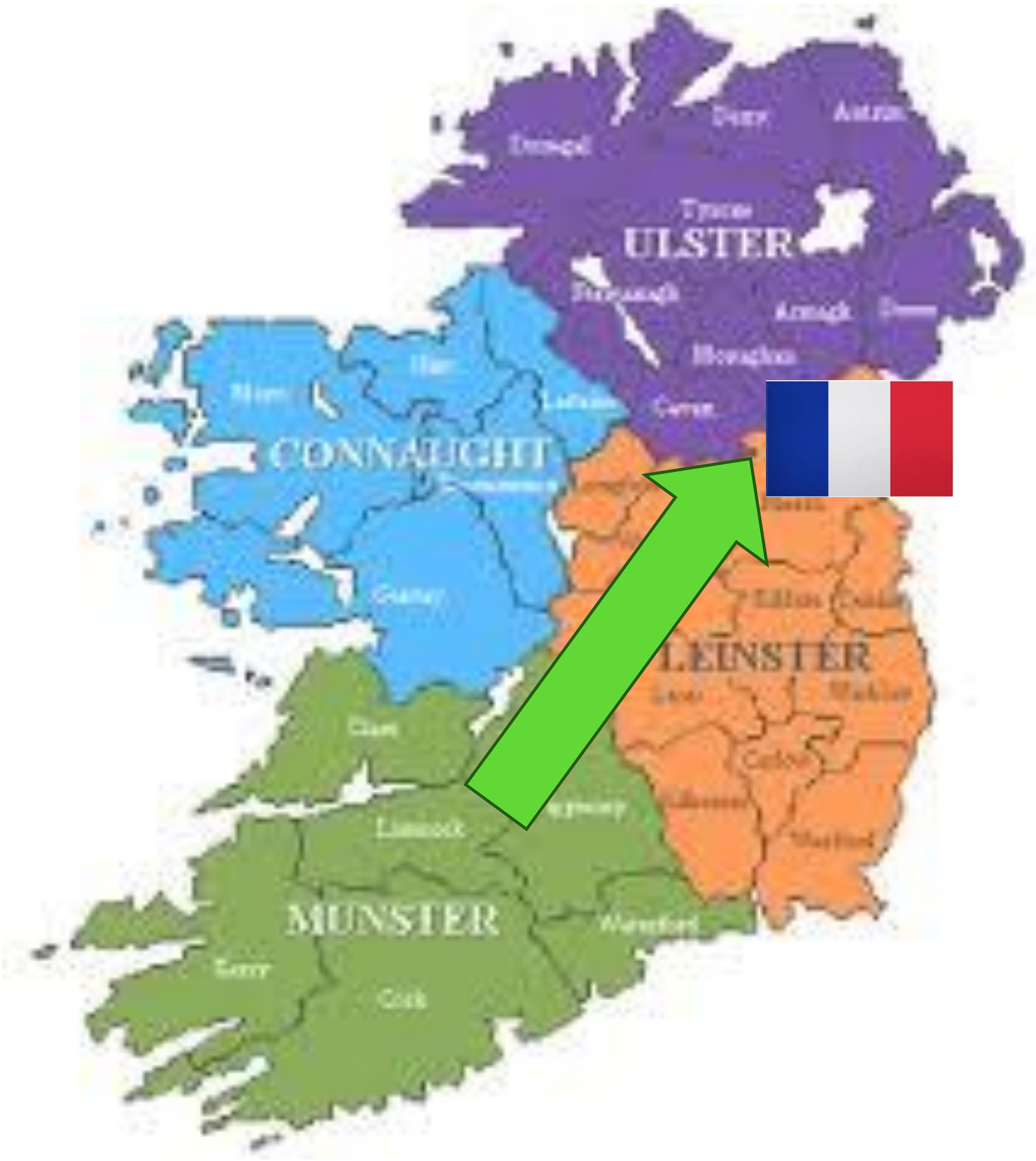
The place of supply rules determine whether a supply is subject to VAT in the State. The general rule is that supplies of goods in the State are subject to Irish VAT. There are different place of supply rules for the following:

- goods not dispatched or transported
- goods involving installation or assembly
- supplies on board vessels, aircraft and trains
- supply of natural gas or electricity
- distance sales
- goods that are dispatched or transported
- imports
- exports

Example 1 – Goods not transported

- Irish Co. holds title to goods located in in Limerick, IE
- Goods are sold to French company, but are shipped to Dublin
- POS is Ireland and Irish VAT is chargeable as the

  goods are not transported out of Ireland
- May trigger a VAT registration obligation for the French company



Example 2 - Supplied on board vessels, aircraft or trains during intra-EU journeys

- Goods sold on board a flight from Dublin to Rome

- Goods sold on board the return flight from Rome to Dublin

Place of Supply of Goods

- POS for goods sold on board a flight on an Intra-EU journey is point of departure
- Dublin to Rome: POS = IE so IE VAT due
- Rome Dublin: POS = IT so IT VAT due

Reverse charge - self-accounting

- VAT is normally charged and accounted for by the supplier of the goods or services. However, in certain circumstances the recipient rather than the supplier, is obliged to account for the VAT due.
- This applies to:
- the intra-community acquisition of goods from another Member State
- the receipt of services from abroad that are taxable where received
- Goods installed or assembled by a supplier who is not established in the state
- Construction services supplied to a principal by a subcontractor

Intra-Community Acquisitions

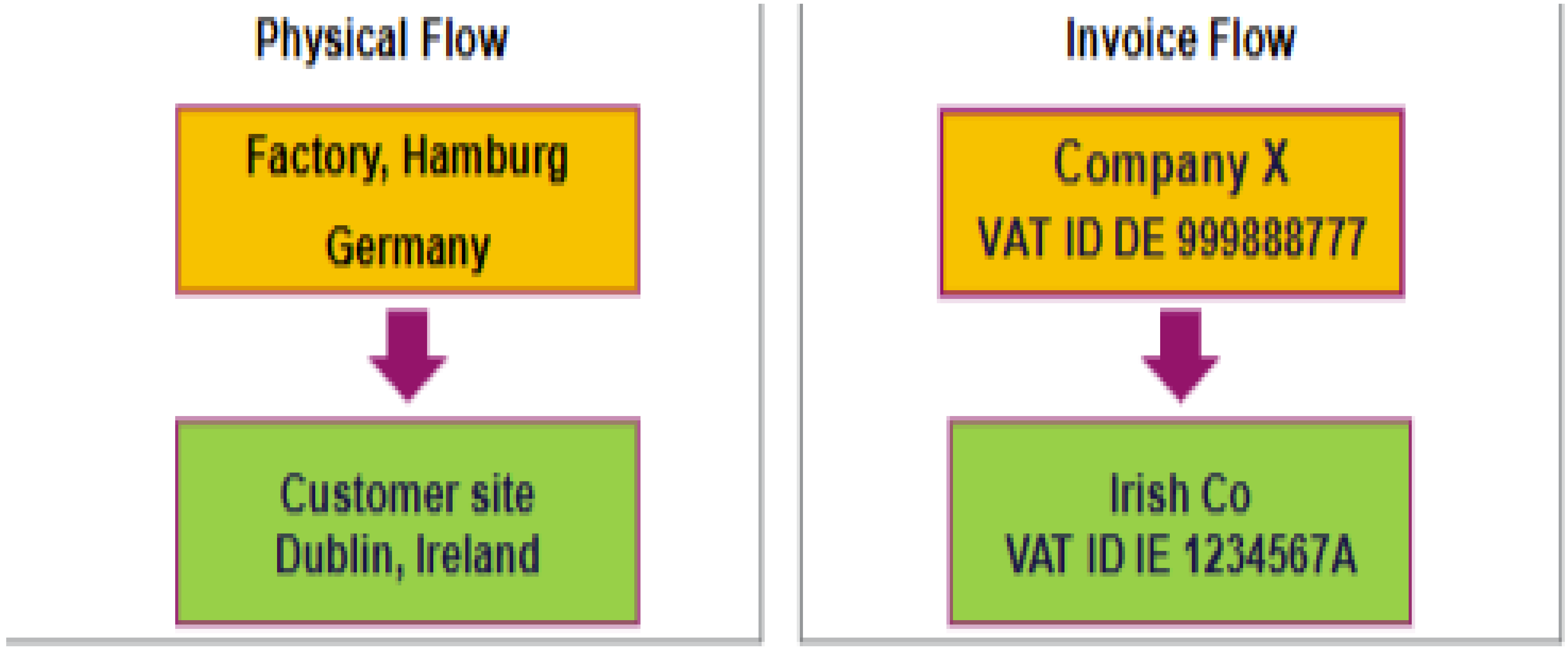
- An Intra-Community acquisition is any acquisition of goods where
  - The transaction or movement is treated as a supply of goods, and
  - The transaction or movement involves the movement of goods from another EU MS

  - ICA chargeable to Irish VAT under reverse charge

  1. There is an intra-EU movement of taxable goods to IE where:
  - The goods are received in IE by a VAT-registered person
  - The supplier is registered (or obliged to be registered) for VAT in the EU MS of departure

Intra-Community Acquisitions

- Intra-EU supply of goods at 0% DE VAT
- Irish Co must self-account for IE VAT at 23%
- Irish Co can take a simultaneous matching deduction if goods acquired for its taxable trade
- VAT is chargeable on the total consideration, including all taxes, commissions, cost and charges

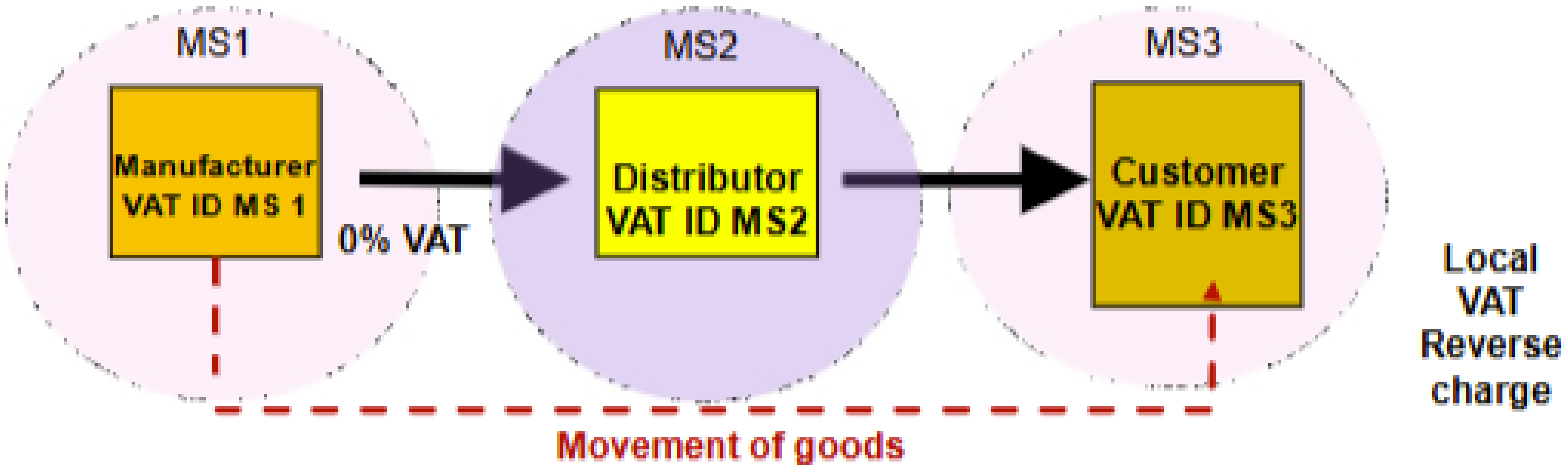


New Means of Transport

- ICA for consideration of new means of transport (by any person) are within the charge to VAT
- Where person is not entitled to deduct VAT on acquisition the VAT is payable at the time of payment of VRT, or time of registering if no VRT due

Triangulation

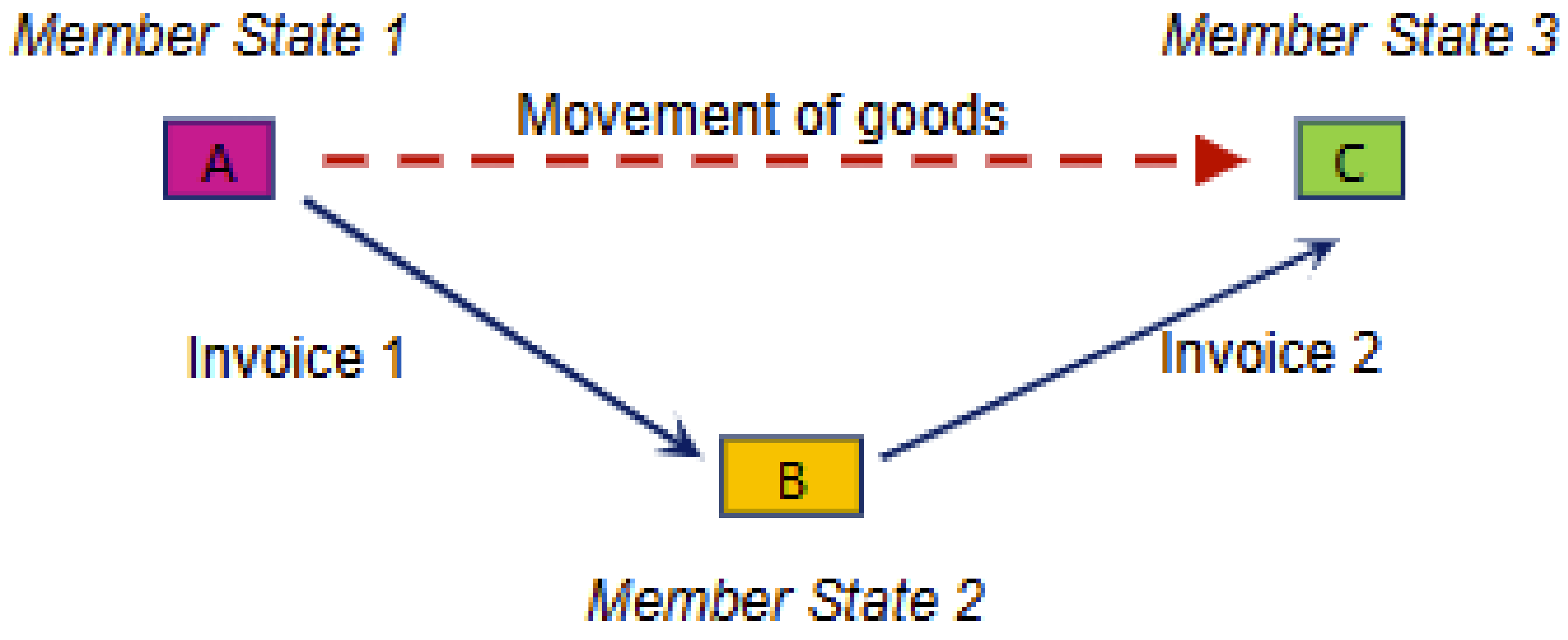
- Triangulation involves two supplies of goods between three VAT-registered companies in three different EU MS, where the goods are transported directly from the 1st supplier to the final customer
- In the absence of Triangulation Distributor in MS2 would have a deemed ICA in MS3 and obligation to register for local VAT
- NB - post Brexit if UK was previously either MS1, MS2 or MS3, triangulation would not apply. Common occurrence for MS2 to be UK supplier servicing Irish market with goods originating in, e.g. Germany/Netherlands. Post Brexit UK will require an Irish VAT registration.



Triangulation

Basic Principle

- Applies to B2B intra-EU supplies of goods
- Simplification to avoid B having to register in MS3
- ICA in MS3 by B is disregarded and C self accounts for VAT on local supply
- • All three parties must be VAT registered and must be in different MS
- B must not be established in MS3, but must be VAT registered in another MS
- C must be VAT registered in MS3

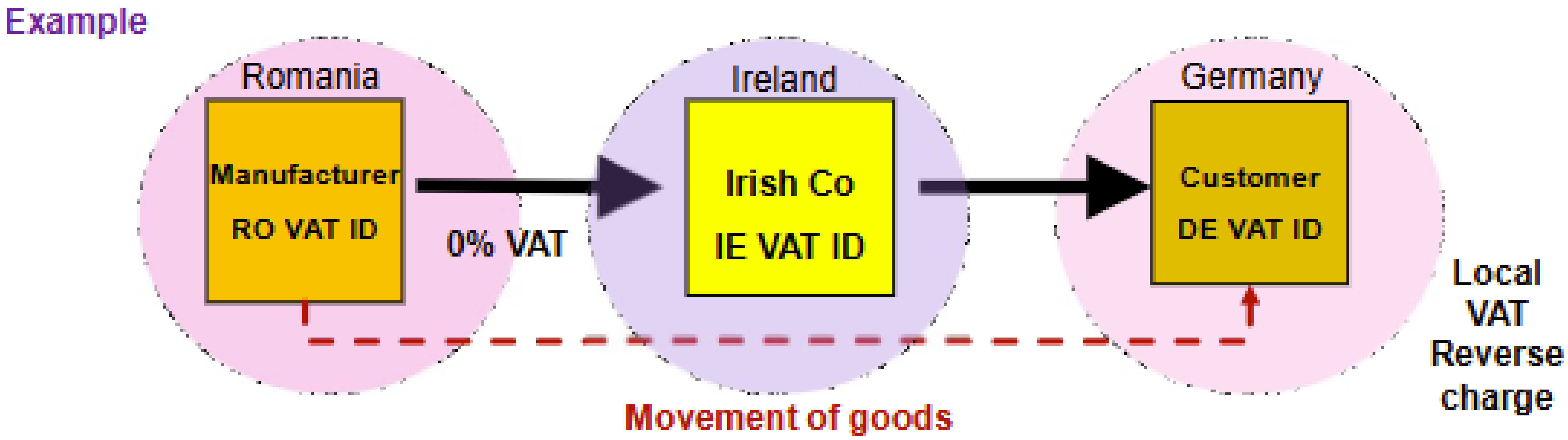


Triangulation

How it works

- Sale by Manufacturer is a zero-rated intra-EU supply of goods
- Manufacturer must quote Irish Co's Irish VAT ID on its invoice and make reference to making an intra-Community supply of goods
- Manufacturer will file Intrastat dispatch return and EC Sales List (VIES) in Romania
- Irish Co. avails of triangulation and reports "T" on VIES return

German customer self-accounts for the intra-EU acquisition in MS3 and reports intrastat arrival return



Supply of Services

- Place of supply of services for B2B is place where the customer is established
- Supplier should obtain customer’s VAT number (validate on VIES for EU)
- Invoice is zero-rated and customer self-accounts for VAT (Irish established recipients in Box T1)
- Simultaneous deduction (Box T2) where engaged in 100% taxable/qualifying activities
- Input deduction restricted by recipient where no engaged in 100% taxable activities
- No reverse charge obligation if VAT exempt e.g. loan, insurance etc.
- Place of supply of services B2C is where the supplier is located

POS of Services Exceptions

Nature of Supply	Place of Supply
Services Connected with immovable goods	Country where immovable goods located
Provision of passenger transport	Country where transport takes place
Non-Intra-Community B2C transport services in relation to goods	Country where transport takes place
Intra-Community B2V transport services in relation to goods	Country of departure of goods
B2B admission or B2C supply of services related to specific events	Country where event takes place
B2C supply of ancillary transport services, valuation/work on movable goods or contract work	Country where services are physically carried out
Restaurant or catering services	Country where services are physically carried out
Restaurant or catering services on board ship, aircraft etc. on EU journey	Country of departure
Short-term hiring of means of transport	Country where means of transport is handed over to customer
B2C long-term hiring of means of transport (other than a pleasure boat)	Place where customer is established, has a permanent address or usually resides
B2C long-term hiring of means of transport (Pleasure boats)	Place where supplier is established, has a permanent address or usually resides
B2C supply of services (consultancy, banking etc.) to non-EU customers	Country where customer is located

Foreign Traders

- The “normal” VAT registration thresholds do not apply where a foreign trader (i.e., a trader that is not established in Ireland) supplies taxable goods or services in Ireland
- Acquisition of goods – Where a person who is not established in Ireland acquires goods in the State (i.e., imports the goods from a non-EU country or purchases the goods in the State), and makes a supply of such goods, then he/she is obliged to register for VAT notwithstanding the fact that he/she does not have an establishment in the State.
- Form TR2(FT)

VAT 56

- Section 56 Authorisation allows qualifying businesses to receive certain goods and services at the 0% VAT rate.
- Businesses must meet the 75% qualifying turnover test (exports, intra-EU supplies, or certain contract manufacturing).
- Once approved, Revenue issues a VAT 56B Certificate to the taxpayer.
- The VAT 56B Certificate is then provided to suppliers to enable zero-rating of qualifying supplies.
- The authorisation generally lasts for a fixed period (typically three years) and may be reviewed or revoked by Revenue.
- Section 56 does not allow zero-rating for certain excluded non-deductible items (e.g., motor vehicles, petrol, food/accommodation/entertainment services).

Supply & Install

- A non-established trader is not required to register for Value-Added Tax (VAT) where:
- he or she supply goods in the State which are installed or assembled with or without a trial run, by or on behalf of the trader
- and
- the recipient of those goods in the State is:
  - a VAT-registered person
  - a Government Department or a local authority
  - a body established by statute
  - an exempt person

Supply & Install

- Typical examples include the supply, installation and assembly of:
  - exhibition stands
  - movable shop counters
  - computer systems
  - electrical generators.
- Instead, the customer must register and self-account for the VAT due.
- However, if the customer is a private individual, the non-established trader must register and account for Irish VAT.

Coffee Break

VAT on Sales (Domestic & EU)

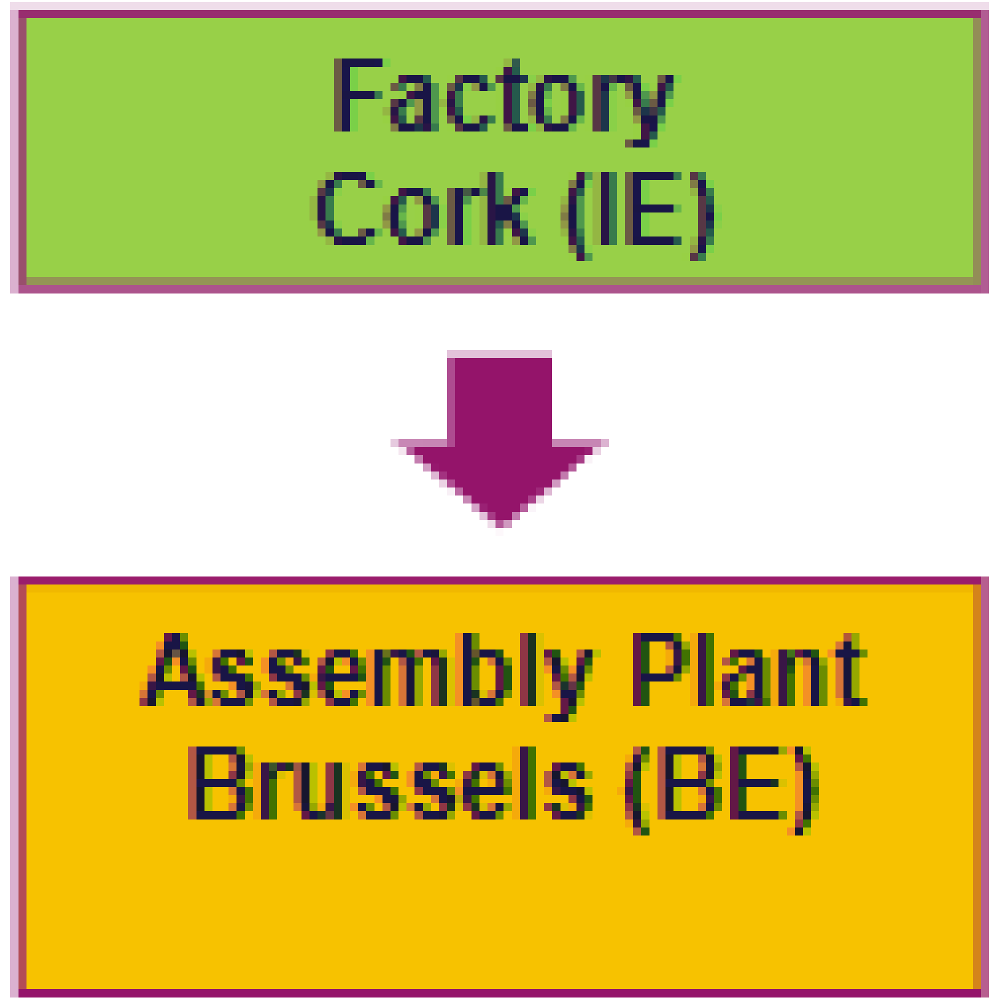
- Intra-Community Supplies of Goods
- Distance Sales & OSS
- Reverse Charge VAT
- VAT Verification (VIES Checks)
- VAT Invoices & Credit Notes

Intra community Supplies of goods

- “Intra-Community supply” - goods dispatched to a VAT-registered person in another MS (B2B)
- Movements of own goods
- “Intra-Community Distance Sales of Goods” – goods dispatched to private individuals in another member state (One Stop Shop returns to avoid multiple registrations) (B2C)

Example – Goods transported

Physical Flow



Physical flow description

- Movement of goods (circuit boards) IE to BE.
- Goods are transported by Irish Co.

Invoice Flow

Legal transaction flow

- Sale of circuit boards by Irish Co to a VAT registered customer in BE.

VAT treatment – Goods transported

• VAT @ 0% on Intra-Community supply of goods dispatched or transported from the State to a person registered for VAT in another MS

INTRASTAT & EC Sales List reporting (VIES)
• Deemed Intra Community Acquisition of goods in Belgium by Belgian Co
• 0% applies for the supply of goods

Substantive conditions for zero rating
• The customer must be VAT registered in another MS
• Obtain customer’s VAT identification number and country prefix
• The goods must be dispatched to another EU MS within 3 months
• Retain evidence (commercial documentation) that the goods have been removed to another EU MS
• Correct VIES Return must be made by the supplier

Compliance considerations

1. VAT Invoice

- Show customer’s VAT ID

- Indication that it is an intra-Community supply of goods

2. VAT Return – Box E1 on Irish VAT return

3. EC Sales List (VIES) – Report value of ICS of goods by customer VAT ID

4. INTRASTAT

- Monthly dispatches (subject to exceeding threshold of €750k p.a.)

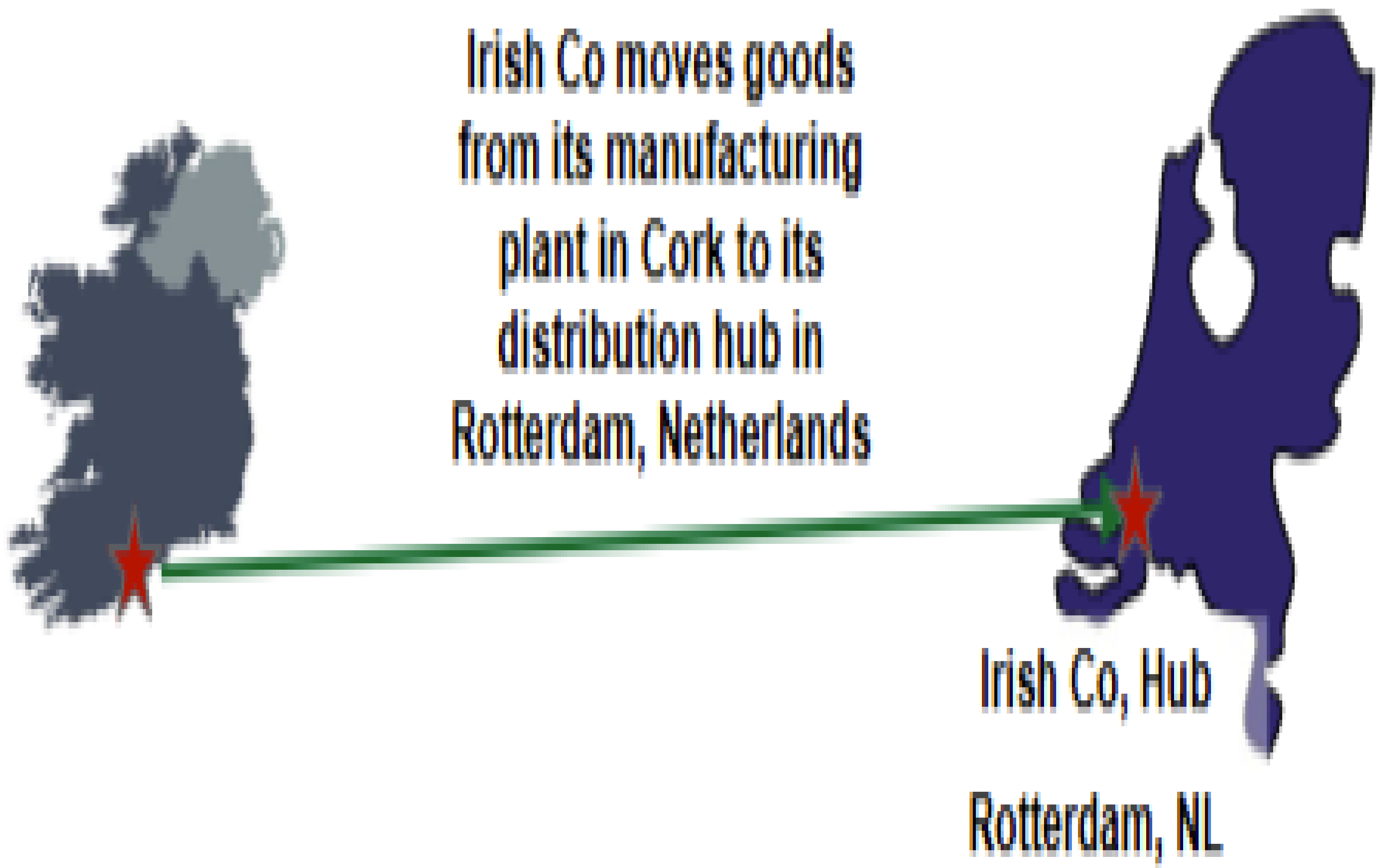
Revenue VIES can cross-check Box E1 against VIES and INTRASTAT return and raise queries if VIES/Intrastat missing

Movement of own goods

- Intra-EU movement of a person’s own goods is deemed a supply – may trigger local registration obligation in receiving country
  - Exceptions:
  - Supply & installation/assembly
  - Supplies on board vessels, trains, planes on intra-EU journeys
  - Distance selling
  - As part of a transfer of goods to another person (i.e., an ICS)
  - Purpose of having a service carried out on them where then returned to the State
  - Temporary use of goods for the supply of a service
  - Other temporary use of goods where equivalent import relief would apply (24 months)

Example – Movement of own goods

- Intra-EU movement of own goods is deemed a supply of goods
- "Intra-Community supply" - goods dispatched to a VAT-registered person in another MS
- Zero rate applies subject to conditions being met
- Indicate on VAT invoice that it is an ICS



Distance Selling – supplies B2C

- Goods dispatched or transported to a person in another EU Member State who is not registered for VAT (Section 30 VATCA 2010), being an intra-Community Distance Sales of Goods
- Where supplier is EU established and threshold is not breached (below), place of supply is where the transport begins, that is, the Member State where the seller is.
- As of 1 July 2021, the place of supply threshold is €10,000 per calendar year. The threshold is calculated by taking account of the suppliers total value of intra-Community distance sales of goods and cross-border telecommunications, broadcasting and electronic (TBE) services to customers in all EU Member States
- Supplier must register and account for VAT in MS where transport or dispatch ends
- If supplier is selling to multiple EU member states – can register in one EU member state under the One Stop Shop Scheme (OSS).
- If threshold not breached then local VAT can apply

Distance Selling

Example

- Irish supplier sells goods online to private consumers in France
- Should the supplier charge Irish or French VAT

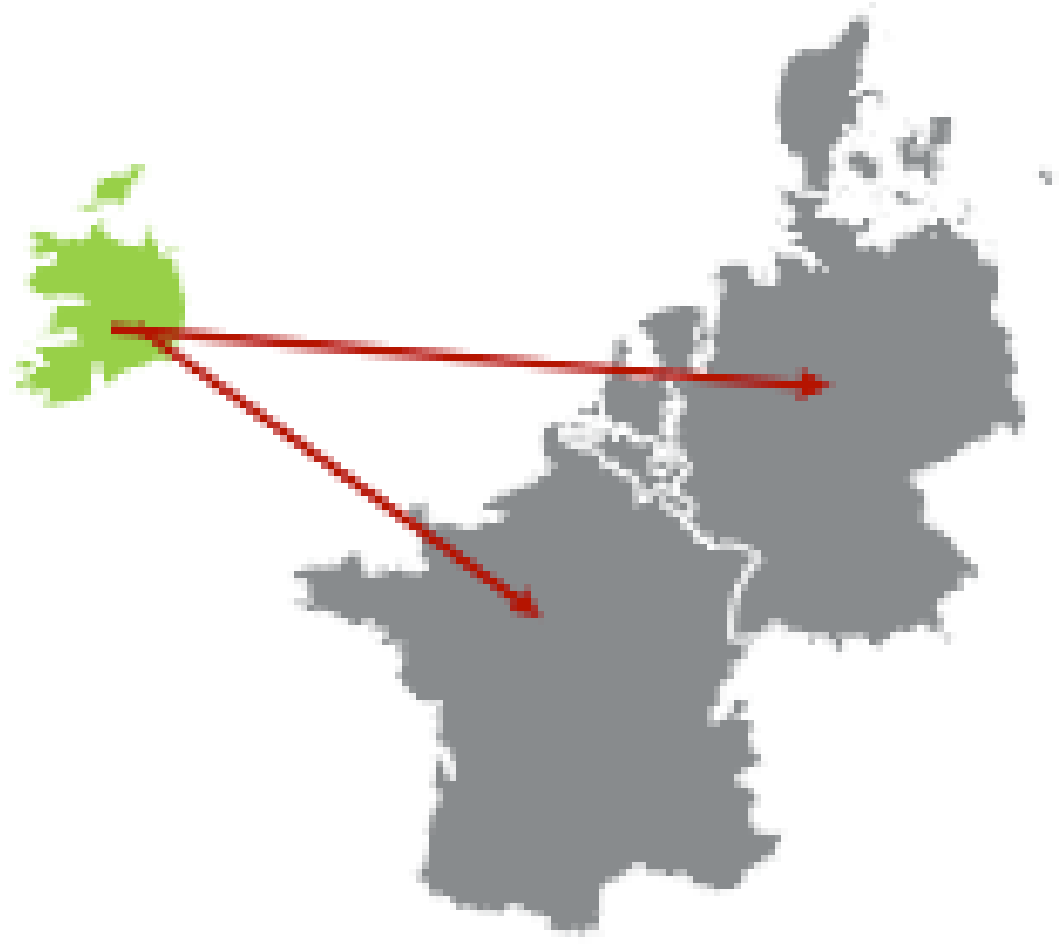
- Should the supplier register in France?

Distance Selling

- Irish supplier must register and account for French VAT unless POS threshold is not breached
- However Irish supplier can;

➢ Register for OSS in a Member State of identification – VMSI

➢ Declare and pay EU VAT due on these supplies in a single electronic quarterly return submitted to the MSI.



One Stop Shop (OSS)

- From 1 July 2021 MOSS was extended to One Stop Shop (“OSS”) Scheme
- OSS applies to a wider category of B2C services (TBE plus other cross-border B2C services)
- Suppliers of B2C services can register for OSS in one single Member State & declare & pay foreign EU VAT due in other EU Member States through a single electronic quarterly return
    - Union OSS – for EU suppliers – must register in the country of establishment
    - Non-Union OSS – for non-EU vendors (with no establishment in the EU) – could choose the MSI
- No need for multiple foreign EU VAT registrations – administrative saving
- Businesses previously registered for MOSS migrated into OSS (Union or non-Union OSS)
- OSS is optional but when used must be used for all B2C sales that are covered by OSS
- Record retention – 10 years from end of year in which B2C transaction made
- As with MOSS – only used to report output VAT; all input VAT must be reclaimed using schemes for non-resident suppliers (13th Directive for non-EU and EVR for EU businesses)

VAT Invoices

Who must issue a VAT invoice

- A VAT invoice is a document issued by an accountable person where they supply goods or services to any of the following:
- another accountable person
- a Department of State
- a local authority
- a body established by statute
- a person who carries on an exempt activity
- a person, other than a private individual, in another European Union (EU) Member State
- a person in another Member State where a reverse charge to VAT applies

VAT Invoice requirements

- Issue date of the invoice
- Unique sequential invoice number
- Supplier name, address and VAT registration number
- Customer name address and VAT registration number
- Description of goods or services supplied
- Quantity and nature of goods / scope of services
- Date of supply if different from invoice date
- Unit price excluding VAT
- Net amount per line item
- Discounts or price reductions (if applicable)
- VAT rate(s) applied
- VAT amount payable
- Total invoice amount excluding VAT
- Total invoice amount including VAT
- Foreign currency invoices must show VAT amounts in euro
- Reverse charge wording where applicable
- Any mandatory scheme-specific wording (e.g. margin scheme)
- Invoice must be issued by the 15th day of the month following the supply

Credit Notes

- A VAT credit note is a document issued by a supplier to a customer. A credit note reflects a discount or reduction in the price originally invoiced in respect of the goods or services supplied.
- The information on a credit note is the basis for establishing your adjusted VAT figure on the supply of taxable goods or services.
- It also enables your VAT registered customer to adjust the figures for the total VAT charged to them on their purchases.
- If you issue a credit note showing a lesser amount of VAT than is correct, you are liable for the deficiency.

When must a VAT credit note be issued?

- An accountable person who wants to correct their Value-Added Tax (VAT) invoice issues a VAT credit note when:

➢ there is a change in the original price because of an allowance, discount or similar adjustment, or

➢ the VAT rate on the original invoice was incorrect.

- You need to issue the credit note within 15 days of the end of the month in which goods or services are supplied.

- Where you agree a reduction in the VAT exclusive price with your customer, there is no obligation to issue a credit note as long as the VAT payable is unchanged.

Information required on a VAT credit note

- Issue date of the credit note
- A Unique number
- Supplier name, address and VAT registration number
- Customer name, address and VAT registration number
- Reason the credit note is being issued
- Cross-reference to the original invoice
- Total amended consideration
- The rate or rates of tax in force when the related invoice was issued, and
- The amount of tax at each rate
- If credit note contains a foreign currency, it must contain the corresponding figures in Euro.
- should use the selling rate recorded by the Central Bank at the time when the invoice is issued

VAT on Purchases & Recovery

- Deductible vs Non-Deductible VAT
- VAT on passenger cars
- Two Thirds Rule
- Reclaiming foreign VAT

Deductible VAT

- You may reclaim the VAT charged on goods and services used for the purposes of your taxable supplies.
- You need to keep records to support your claim, including a valid VAT invoice or relevant Customs receipt.

Non-Deductible VAT

Cannot reclaim VAT on the following costs even if registered for VAT and make only taxable supplies:

- food, drink or other personal services for yourself, your agents or employees. The exception being to the extent that they are part of a taxable supply of services
- accommodation, other than qualifying accommodation in connection with attendance at a qualifying conference
- food, drink, accommodation or other entertainment services, where it forms all or part of the cost of providing advertising services
- entertainment
- passenger motor vehicles, excluding qualifying vehicles or vehicles used as stock in trade
- petrol, unless used as stock-in-trade
- Goods purchased by an accountable person that are subject to a margin scheme
- Expenditure incurred on the acquisition or development of immovable property forming part of the assets of a business, where the goods are to be used for a non-business purpose.

VAT on Passenger Cars

- A qualifying passenger motor vehicle is a vehicle that is used for at least 60% business purposes (for a period of 2 years or more) and
- Was first registered for Vehicle Registration Tax (VRT) purposes on or after 1 January 2009 up to 31 December 2020 and has CO_2 emissions of less than 156g/km (i.e. CO_2 emission bands A, B and C) or
- Was first registered for Vehicle Registration Tax (VRT) purposes on or after 1 January 2021 and has CO_2 emissions of less than 140g/km (i.e. CO_2 emission bands A and B).
- The motor vehicles covered are: estate cars, sports motor vehicles, station wagons, motorcycles, motor scooters, mopeds, autocycles.

Business use

- The vehicle must be used for 60% business use in order for a portion of the VAT to be deductible
- Where a vehicle is used for an exempt activity, no deduction is allowed as per the normal VAT deductibility rules. However, where the vehicle is used for both taxable and exempt activities, a percentage of the VAT can be deducted under the rules set out in this guidance
- A car, which is used for business purposes for a five-day working week, can be regarded as having been used for 60% business purposes for that week

Business use

Example

- A taxpayer's business use of the car is for a mixture of both taxable and exempt activities. Where a business uses the car for both its taxable and exempt supplies, the VAT deductible is apportioned in the ratio of exempt versus taxable supplies.
- Assume 70% of car use is for taxable supplies and 30% is for exempt supplies.
- VAT on the purchase of a car = €4,000
- Maximum qualifying deduction restricted to 20%: €800
- Taxable-use portion: 70% - VAT deductible is 70% of €800 = €560
- If VAT on the lease of the car is €100 per month, then €14 is deductible i.e. 20% of the €70 eligible for deductibility.

Two-thirds rule

Services taxable at the rate of the goods

- Goods are often supplied in the provision of a service, for example, parts in a washing machine repair job.
- There are certain rules in relation to how this transaction is taxed for VAT purposes.
- f the cost of the goods used in carrying out the work exceeds two-thirds of the total price, the rate which applies to the goods then applies to the entire transaction.
- If the cost of the goods used in carrying out the work does not exceed two-thirds of the total price, the rate which applies to the service then applies to the entire transaction.
- This is known as the two-thirds rule.

Two-thirds rule

Example

Services taxable at the rate of goods

Service	Amount
Guitar repair job, quoted price of	€300 plus VAT
Made up as follows:	
Cost of materials at 23% (VAT exclusive)	€220
Labour, overheads, profit	€80
Total	€300

Cost of materials €220 (VAT exclusive) exceeds 2/3rds of full price (VAT exclusive).

VAT chargeable is €69 (€300 @ 23%).

Two-thirds rule

- The following services are not subject to the two-thirds rule:
- Repair and maintenance of motor vehicles and agricultural machinery.
- Construction services where principal contractors account for VAT on the receipt of construction services from sub-contractors.
- Construction services between two connected parties.

Foreign VAT

Electronic VAT Reclaim - EVR

- Irish VAT registered traders who have incurred VAT in another European Union (EU) Member State (MS) can claim the VAT back from the other EU MS by submitting a claim via (ROS) under EVR

- Revenue sends on the EVR claim to the MS of refund for processing. The MS of refund may require scanned attachments including invoices to be forwarded with a claim.

- Applicants may submit a maximum of five applications in a calendar year

- You must apply for the refund before the 30 September of the calendar year following the year in which you made the purchase. For example: you made the purchase in April 2025, you have until 30 September 2026 to submit the claim

International & post-Brexit VAT

- Imports & Exports (post-Brexit procedures)
- GB * NI Cross-border trade
- Postponed VAT accounting
- Intra-Community Acquisitions & Triangulation

Exports

- Export of goods” refers to goods that are transported to a destination outside the EU
- Post Brexit, United Kingdom is outside the EU, but Northern Ireland remains within the EU VAT system for goods only, under the Northern Ireland Protocol
- POS is where the transport begins
- Exports subject to VAT at 0% subject to certain conditions
- No distinction between B2B and B2C supplies

Imports

- VAT is chargeable on the import of goods into the EU from outside the EU, including the UK but excluding Northern Ireland
- Place of importation is the Member State where the goods are located when they enter the EU
- Where non Irish supplier is importing goods into the EU, where the supplier is the importer of record, under a Delivered Duty Paid (DDP), this will generally trigger a VAT registration obligation and a requirement for an EORI number (Customs equivalent of a VAT number)
- VAT is due on the customs inclusive value of the goods, however can be postponed under Postponed VAT accounting mechanism
- VAT due at the appropriate rate for the goods in the MS of import
- Import VAT payable can be reclaimed by a VAT-registered person subject to normal rules
- Customs import documentation (Single Administrative Document) needed as evidence to support VAT deduction and will provide that Postponed VAT accounting has been applied

Single Administrative Documents (SAD)

- SAD is the primary customs declaration for imports into the EU which outline the importer of record details, value of the goods, VAT treatment applied (paid or postponed)
- Where postponed accounting for import VAT (PVA) is not opted/applied at the point of import, import VAT is payable prior to the goods being released into free circulation
- Important that the importer of record is correctly completed in Box 8 of the SAD, as this is the entity that is entitled to recover the import VAT in the periodic VAT returns
- Customs and excise (C&E) statements ("Combined Taxes Report for Importers") can be downloaded from ROS on a monthly basis, which outlines all transactions in the month where taxpayers VAT number was used to either postpone or pay import VAT
- Increased focus by Revenue using data analytics to compare customs data vs VAT returns – discrepancies can be a key audit trigger
- Unless taxpayer has copies of the SAD and/or C&E statements outlining the VAT paid at the point of import, input claim should not be included in the periodic VAT returns until supporting documentation obtained

Postponed VAT accounting

- PVA arrangements may be applied to all imports from all third countries including Great Britain (England, Scotland and Wales but excluding Northern Ireland which effectively remains within the EU in respect of supplies of goods but not services)
- Where a taxpayer opts to implement PVA, VAT at the applicable rate should be included in Box T1 of the relevant periodic VAT return, with a simultaneous deduction in Box T2 where appropriate
- The Net (customs) value should be included in Box PA1, which is now a mandatory field to be completed by all taxpayers submitting periodic VAT returns
- Imported goods that are classed as zero-rated goods should also be included in the PA1 Box if PVA was applied on the Customs Declaration for these goods
- On the annual return of trading details (ARTD), Box PA2 should equal the total value included in all PA1 Boxes throughout the year (including zero-rated goods as mentioned above)
- Box PA3 on the ARTD should include the total value of PVA goods which are for onward sale
- Box PA4 should include the total value of PVA goods which are not for onward sale
- Taxpayers with a valid VAT56B certificate should never use PVA and therefore all PVA Boxes should be completed nil

Imports

Summary

- VAT is chargeable on imports of goods into the EU
- Post 1 January 2021, UK outside the EU so considered a “third country”, however, Northern Ireland remains in the EU VAT system for goods only
- VAT due at the rate applicable to the goods in the MS of import
- VAT payable at point of entry into the EU, paid or postponed
- SAD document is required evidence for VAT deduction of Import VAT paid by VAT-registered persons

VAT Compliance & Reporting

- VAT Returns (VAT3)
- Annual return of trading details
- VIES & Intrastat returns

VAT 3 return

T1 – VAT on sales

- This figure is the total VAT due on your:
- supplies of goods and services
- VAT self-accounted for on intra-Community acquisitions of goods and services
- import of goods, where you have applied VAT Postponed Accounting
- Principal self-accounting for RCT reverse charge services

VAT 3 return

T2 – VAT on purchases

- This figure is the total VAT which you are entitled to reclaim in respect of costs incurred by you on:
- goods and services, insofar as they relate to your taxable supplies and qualifying activities.
- Deduction for VAT self-accounted on intra-Community acquisitions of goods
- import of goods where you have applied VAT Postponed Accounting
- Deduction for VAT self-accounted on services received from outside Ireland
- flat-rate addition (for flat rate farmers)

VAT 3 return

- **T3 – VAT payable**
- VAT is payable to Revenue where the T1 figure is greater than the T2 figure. The amount payable is the difference between the two figures.
- **T4 – VAT repayable**
- VAT is repayable to you where the T2 figure is greater than the T1 figure. The amount repayable is the difference between the two figures.
- You may have a taxable period where no VAT is payable, or repayable. In this instance your VAT 3 must be returned marked zero at T1, T2 T3 and T4.

VAT 3 return

Statistical Boxes

- **E1** – intra-European Union (EU) supplies of goods: This is the total value of goods sent to customers in other EU countries.
- **E2** – intra-EU acquisitions of goods: This is the total value of goods received from suppliers in other EU countries.
- **ES1** – intra-EU supply of service: This is the total value of services supplied to customers in other EU countries.
- **ES2** – intra-EU acquisition of services: This is the total value of services received from suppliers in other EU countries.
- **PA1** – postponed accounting: This is the total of the Customs value of goods imported under postponed accounting, as per Customs Declarations plus Customs Duty.

Annual Return of Trading Details

ARTD

- The Annual Return of Trading Details (ARTD) is a statutory return required from all Irish VAT-registered businesses.
- It summarises the net (VAT-exclusive) value of all sales and purchases made during the financial year, broken down by VAT rate.
- The ARTD reconciles annual trading activity with the periodic VAT3 returns filed throughout the year.
- filed via ROS by the 23rd of the month following the business's financial year-end.
- The ARTD includes four sections covering:

1. Domestic supplies
2. EU and non-EU acquisitions,
3. Purchases for resale, and
4. Other deductible purchases.

VIES

- Irish VAT registered traders who zero-rate goods, services or both, to a VAT registered trader in another Member State must submit VIES returns.
- This applies regardless of the value of the goods or services - threshold is nil
- required to submit monthly or quarterly VIES returns
- Should reconcile to Boxes E1 and ES1 on the VAT 3 Return
- Check the validity of EU VAT numbers
- Vies on-the-Web - European Commission

Intrastat

- Intrastat is the system for collecting statistics on the movement of goods, not services, between Member States of the EU
- Threshold for requirement to submit Intrastat Arrivals and Dispatches is €750,000 each
- Should be reconciled to Boxes E1 and E2 on the VAT 3 Returns

Risk, Audits & Public Sector

- Public Bodies
- Revenue Interventions
- Penalties
- Common VAT audit Issues

VAT Treatment of Public Bodies

- Public bodies include a Department of State, a local authority or a body established by an enactment
- In general, these bodies are not taxable persons and their activities are therefore outside the scope of VAT
- While the activities of a public body are generally outside the scope of VAT, there are circumstances whereby a public body will be a taxable person in respect of some of its activities and accordingly, those activities will then come within the scope of VAT
- A public body, acting in its capacity as a public body in respect of a carrying out a particular activity, is a non-taxable person and that activity is outside the scope of VAT, unless treating the public body as a non-taxable person would lead to a significant distortion of competition

VAT Treatment of Public Bodies

- A distortion of competition may arise in circumstances where a public body is competing with a private operator in the same market
- VAT treatment of sporting facilities e.g. public golf course, Astro pitches (impact on competition factor)
- The second reduced rate applies to supplies of sporting facilities by public bodies where the threshold applicable to services has been exceeded
- The effect of this is that all public bodies have a separate services threshold which applies to their supplies of sporting facilities beyond which the supplies will be liable to VAT at the reduced rate

Activities for which public bodies are always taxable persons

- Telecommunication services
- Supply of water, gas, electricity and thermal energy
- Transport of goods
- Port and airport services
- Passenger transport
- Supply of new goods manufactured for sale
- Transactions in respect of agricultural products, carried out by agricultural intervention agencies pursuant to regulations on the common organisation of the market in those products
- Organisation of trade fairs and exhibitions
- Warehousing
- Activities of commercial publicity bodies
- Activities of travel agents
- Running of staff shops, cooperatives and industrial canteens and similar institutions
- Activities carried out by radio and television bodies

Code of Practice for Revenue Compliance Interventions

Code of Practice for Revenue Compliance Interventions

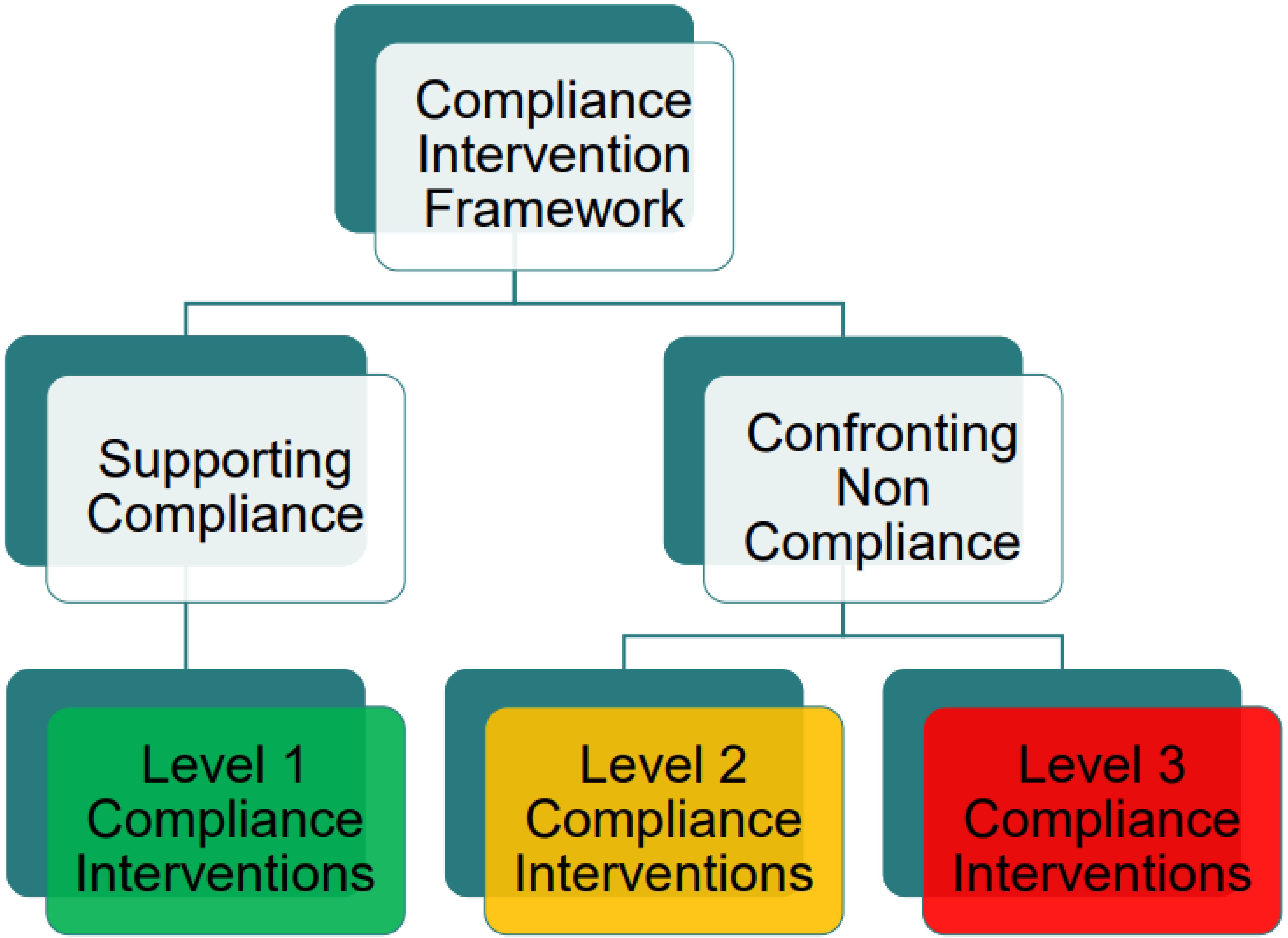
- Replaced the previous 2019 Code and applies to all compliance interventions notified on or after 1 May 2022
- The Code emphasises full cooperation as a key factor in mitigating penalties
- Three-tier system – graduated response to taxpayer behaviour, with extensive opportunities to voluntarily correct mistakes
- Risk Reviews are now formalised and treated as Level 2 interventions, meaning any disclosure made in response is considered prompted, not unprompted
- Aspect Queries have been removed from the framework
- Self-correction permitted
- No penalty for self-correction (where the IT/CT return for the year not yet filed)
- 28-day notice for Revenue audit
- Publication threshold increased to €50,000

Publication

- A taxpayer's settlement from a Revenue audit will not be published in the List of Tax Defaulters (published quarterly) if they make a qualifying disclosure before the audit or inquiry begins
- However, if a qualifying disclosure is not made, the threshold for publication is €50,000 or more in total
- This includes:
  - Tax underpaid
  - Interest
  - Penalties
- If the combined amount of these exceeds €50,000, and no qualifying disclosure was made, the taxpayer's name and details may be published in the List of Tax Defaulters.

Compliance Intervention Framework

Overview



Level 1 Compliance Interventions

- Opportunity to self-correct errors or make an Unprompted Qualifying Disclosure
- Broadly this level assists a taxpayer in bringing their affairs into order voluntarily
- Penalties are lowest at this level
- Types of Level 1 compliance interventions:
  - Reminder Notification of Outstanding Tax Returns
  - Request to **Self-review** information already provided in a tax return
  - **Profile interviews** – Revenue may wish to meet with a taxpayer online or in person to obtain a better understanding of the nature of the business and its tax treatment
  - Co-operative Compliance Framework (CCF)
- Where a taxpayer does not respond to a Level 1 intervention, Revenue may escalate to a Level 2 or Level 3 intervention

Level 2 Compliance Interventions

  - No option to make a self-correction or an Unprompted Qualifying Disclosure
  - A taxpayer will receive a 28-day notice of a Level 2 Compliance intervention, within which a prompted qualifying disclosure can be made (with the possibility of requesting an additional 60 days)
  - Generally focuses on a year or period(s) where a risk has been identified
  - A Prompted Qualifying Disclosure may allow a taxpayer to mitigate penalties and/or avoid publication or prosecution
  - Majority are desk-based and carried out by way of correspondence
- Where the taxpayer does not respond to the Risk Review notification within 28 days, the inquiry is deemed to have commenced and the opportunity to make a qualifying disclosure is closed
- Where a taxpayer does not make a Prompted Qualifying Disclosure, and the Risk Review has commenced, additional information may come to light which requires widening of the scope of the intervention (beyond the tax/duty type and period specified in the original Risk Review letter

Level 3 Compliance Interventions
Revenue Investigations

- No option to make either a Prompted or Unprompted Qualifying Disclosure
- However, can seek to mitigate penalties by cooperating fully with a Level 3 Intervention
- Note that levels of intervention are not considered as a sequence of actions - Revenue may initiate an intervention at any level
- Level 3 Intervention letter will outline the specific period and matter initially being investigated and the actions required from the taxpayer
- Focus is generally on suspected tax evasion/fraud
- Investigation may commence with an unannounced visit to the business premises
- The specified period outlined in the investigation notification will not preclude Revenue from extending the years or periods under examination if further information emerges

60 Day Letter

- When a taxpayer receives a Level 2 Compliance Intervention Notification (such as a Revenue audit or risk review), they are given 28 days to make a Prompted Qualifying Disclosure.
- Alternatively, they can request an extension of up to 60 days to carry out a self-review to identify any errors that may require disclosure
- To avail of the 60-day preparation period, the taxpayer must submit a Notice of Intention to make a disclosure.
- This notice must be submitted **within 21 days** of receiving the Level 2 Intervention Notification.
- This letter should:
  - ➢ Clearly state the taxpayer’s intention to make a Prompted Qualifying Disclosure
  - ➢ Reference the date of the Revenue notification
  - ➢ Be signed and submitted to the relevant Revenue case officer

60 Day Letter

- Such a request can be made even where a Revenue intervention has not yet been issued
- This ensures the taxpayer is not issued with an intervention in that 60 day period and therefore protects the opportunity to make an Unprompted Qualifying Disclosure
- It is recommended that a full review of the relevant tax head(s)within the statute of limitations is carried out (4 years) to ensure a full and true disclosure is made
- The level of intervention issued (or if an intervention has been issued at all) determines if an unprompted or prompted disclosure will be permitted

Qualifying Disclosures

- A disclosure of **complete information** in relation to, and **full particulars** of **all matters** occasioning a liability to tax that is made in writing, is signed by or on behalf of the taxpayer and is accompanied by:

  - A declaration, to the best of that person's knowledge, information and belief that all matters contained in the disclosure are correct and complete; and

  - A payment of the tax and interest on late payment of that tax

- Should be submitted to Revenue on company headed paper before the commencement of any review and payment must be made (or payment plan proposed)

- Recommend including the penalty with initial disclosure (if it can be quantified) but no requirement to include - can be agreed with Revenue once they have reviewed

- A disclosure without payment of liability (e.g. tax, duty and interest) will not be considered a qualifying disclosure for the purposes of publication, prosecution or penalty amount

- Where a taxpayer regularises a default by way of a qualifying disclosure, details of the taxpayer and default will not be included in the quarterly publication of tax defaulters

Qualifying Disclosures

Five-Year Rule

- Even if a taxpayer has made a previous qualifying disclosure, Revenue may treat a new one as the first if:
  - It relates to a different tax head
  - It falls under "careless behaviour without significant consequences"
  - It's been more than five years since your last qualifying disclosure under the same tax head
- Revenue may reject a disclosure if:
  - It's incomplete, not in writing or lacks payment
  - It's made after Revenue has begun a compliance intervention into any matter contained in that disclosure
  - It involves deliberate default and taxpayer doesn't cooperate fully

Unprompted Qualifying Disclosure

- An unprompted qualifying disclosure is a taxpayer's written admission of a tax default made before:
  - ➢ Revenue issues a notification of a Level 2 or Level 3 compliance intervention (e.g. audit or investigation), or
  - ➢ Revenue begins an investigation

It is considered "voluntary" because it is made without prompting from Revenue

- Once a Level 2 or Level 3 notice is issued, the opportunity for an unprompted disclosure is lost — only a prompted disclosure is then possible.
- If accepted, the taxpayer:
  - ➢ Receives a lower penalty (as low as 3% for careless errors).
  - ➢ Avoids publication on the Tax Defaulters List.
  - ➢ Are not investigated for prosecution.
  - ➢ May be eligible for instalment arrangements for payment.

Prompted Qualifying Disclosure

- A prompted qualifying disclosure is a written admission of a tax default made after Revenue has issued a notice of a Level 2 or Level 3 compliance intervention (e.g. audit or risk review), but before the audit or review actually begins
- The disclosure must be made after the date of the audit notification letter
- It must be submitted before the audit or review commences (i.e. before the first meeting or inspection)
- If more time is needed, you can request a 60-day extension by notifying Revenue within 21 days of the audit notice
- If accepted, the taxpayer:
  - Receives a reduced penalty (e.g. 10% for careless behaviour)
  - Avoids publication on the Tax Defaulters List
  - Is not investigated for prosecution

No Loss of Revenue Disclosure

NLOR

- A No Loss of Revenue (NLOR) disclosure applies when a taxpayer identifies a tax default (e.g. an error or omission) but can demonstrate that no tax was ultimately underpaid — meaning Revenue suffered no financial loss

- A taxpayer can make a qualifying disclosure under the "no loss of revenue" category:

  - ➢ Before a Revenue audit or investigation begins (unprompted disclosure).

  - ➢ After receiving a Level 2 intervention notice (prompted disclosure), within the allowed timeframe.

- To be accepted, the disclosure must include:

  - ➢ Full written explanation of the facts and circumstances

  - ➢ Calculation of any tax, interest, and penalties (even if €0 tax is due)

  - ➢ Declaration that the information is correct and complete

  - ➢ A penalty applies where "no loss of revenue" is accepted for careless behaviour disclosed in a qualifying disclosure; no penalty applies for innocent error or technical adjustment

  - ➢ Evidence supporting the claim that no loss of revenue occurred

No Loss of Revenue

Penalty

- A liability to a penalty applies in all situations where “no loss of Revenue” is accepted which has been disclosed in a “qualifying disclosure”

	Unprompted Qualifying Disclosure	Prompted Qualifying Disclosure	No Qualifying Disclosure
First Qualifying Disclosure in this category	Lesser of 3% or €5,000	Lesser of 6% or €15,000	
Second Qualifying Disclosure in this category	Lesser of 3% or €20,000	Lesser of 6% or €30,000	
Third Qualifying Disclosure in this category	Lesser of 3% or €40,000	Lesser of 6% or €60,000	
No Qualifying Disclosure			Lesser of 9% or €100,000

NLOR

Examples

- VAT incorrectly charged at 13.5% instead of 23%, but customer is registered for VAT purposes and is engaged in 100% taxable activities and so entitled to a full input VAT deduction.
- Timing errors where tax was paid in the wrong period but not underpaid overall.
- Taxpayers cannot claim “no loss of revenue” if:
  - ➢ Tax was underpaid or not remitted e.g. VAT was not charged and customer not engaged in 100% taxable activities
  - ➢ Taxpayer relied on aggressive tax planning
  - ➢ Taxpayer failed to cooperate fully with Revenue.
- NLOR is typically only considered for VAT.

Qualifying Disclosures - Penalties

Disclosures	Category of Behaviour	Penalty % Full cooperation not given by taxpayer	Penalty % Prompted Qualifying Disclosure and full cooperation	Penalty % Unprompted Qualifying Disclosure and full cooperation
All qualifying disclosures in this category	Careless behaviour without significant consequences	20%	10%	3%
First qualifying disclosure in these categories	Careless behaviour with significant consequences	40%	20%	5%
	Deliberate behaviour	100%	50%	10%
Second qualifying disclosure in these categories	Careless behaviour with significant consequences	40%	30%	20%
	Deliberate behaviour	100%	75%	55%
Third or subsequent qualifying disclosure in these categories	Careless behaviour with significant consequences	40%	40% (no reduction)	40% (no reduction)
	Deliberate behaviour	100%	100% (no reduction)	100% (no reduction

Self-correction

Time limits

- A Taxpayer can apply for self-correction and therefore not incur penalties where:
  - Taxpayer notifies Revenue (within time-limits) of adjustments being made **in advance**
  - Computation of tax and statutory interest must be included
  - Payment must be made
- Example: CT 31 December Year end: for FY24, self-correction available until 23 September 2026
- **VAT**
  - ➢ Bi-monthly, quarterly or half-yearly remitters of VAT, who are self-correcting a net underpayment of less than €6,000 may include the amount of tax as an adjustment on the next corresponding VAT return following the one in which the error was made
  - ➢ In such cases, there is no requirement to notify Revenue and interest is not charged

Audit Triggers

VAT

- Refund position/larger refund than usual or a swing from a payable to a refund
- Late or non-filing of returns
- Discrepancies between VAT returns and other returns e.g. CT
- Third-party information (e.g., from suppliers or customers)
- Sector-specific compliance projects
- Failure to respond to previous interventions

Emerging VAT Trends

Accounts Receivable / output VAT

- Appropriate VAT rate
- End-to-end supply chain – where does the cross-border transaction take place
- Sequential invoice numbering
- Rebates and discounts
- Insufficient or no documentation to substantiate VAT treatment:
  - Recipient’s VAT status
  - Canteens and VAT treatment
  - Non-routine transactions e.g., one-off sale of equipment

Emerging VAT Trends

Accounts Payable / input VAT

- VAT recovery on professional fees – link to CT on Revenue v Capital
- Immovable property – leases/acquisitions/sales
- Non-deductible expenditure – food/drink/entertainment
- Sample invoice checks (supplier VAT reg #, VAT amount denoted in Euro, etc.)
- Non-operation of reverse charge VAT
- Continued impact of Brexit on supply chain/import VAT
- Adjustment for unpaid suppliers – 6 month rule
- Motor vehicles

VIDA

- The VAT in the Digital Age (ViDA) initiative is a package of fundamental changes to the common VAT rules across the EU with three pillars and gradual implementation.
- ViDA represents a fundamental shift to real-time, data-driven VAT compliance across the EU
- It aims to enhance VAT compliance, combat tax fraud and modernise VAT regulations to better align with the demands of the digital age by:

➢ Introducing standardised digital reporting requirements and e-invoicing on intra-community cross-border business-to-business (B2B) transactions

➢ Addressing the challenges of the platform economy in short-term accommodation rental and passenger transport services by clarifying existing rules and enhancing the role of platforms in VAT collection

➢ Reducing registration requirements in the EU by expanding the scope of the OSS and the reverse charge for B2B transactions.

VIDA

E-invoicing and Digital Reporting
Effective 1 July 2030

- Mandatory e-invoicing for cross-border B2B and business-to-government (B2G) transactions across the EU
- Introduction of near real-time digital reporting to tax authorities
- Standardised EU invoice format
- Invoicing deadline reduced (generally within 10 days of supply)

Platform Economy
Effective 1 Jan 2030

- Extension of "deemed supplier" rules for online platforms
- Platforms may become liable to account for VAT instead of underlying suppliers
- Key sectors expected to be impacted:
  - ➢ Short term accommodation
  - ➢ Passenger transport

Single VAT Registration ("SVR")
Effective 1 July 2028

- Aims to allow:
- Single VAT registration across the EU
- Reduced need for multiple local VAT registrations
- Extension to cover additional transactions (including certain domestic supplies)
- Reduced administrative burden for businesses operating cross-border

E-Invoicing

VAT Modernisation – Implementation Timetable

- All businesses in Ireland must be able to receive e-invoices from 1 November 2028

Phase 1 | November 2028

- Applies to large VAT-registered corporates
- Mandatory e-invoicing and real-time reporting applies to domestic B2B transactions only
- Many will already have experience with e-invoicing

Phase 2 | November 2029

- Applies to VAT-registered businesses engaged in EU cross-border B2B trade, subject to zero VAT rate arrangements

Phase 3 | July 2030

- Applies to all cross-border EU B2B transactions
- Full EU ViDA requirements become mandatory across all MS
- Irish businesses already operating e-invoicing will now transition from domestic to cross-border

Large Corporates

Phase One of VAT Modernisation

For Phase One of Ireland's VAT modernisation programme, a business is considered a "large corporate" where it is:

- A VAT-registered business whose tax affairs are managed by Revenue’s Large Corporates Division, and
- It is established in Ireland or has a fixed establishment in Ireland

Phase One – Key requirements (from 1 November 2028)

- In scope large corporates must issue e-invoices for domestic B2B transactions
- E-invoices must comply with European Standard EN 1693 (PDFs and unstructured formats are not permitted)
- Real-time reporting – a subset of invoice data must be reported to Revenue

Thank you

Any Questions?