

VAT

Value-added tax is chargeable on the supply of goods and services within the State by a taxable person in the course or furtherance of any business carried on by him, and on goods imported into the State from outside the EU. VAT is also chargeable on the intra-Community acquisition of goods by VAT registered persons and on the intra-Community acquisition of new means of transport by either a registered or unregistered person.

The amount on which VAT is chargeable is the total consideration which the person supplying goods or services becomes entitled to receive. In addition, in certain circumstances, a VAT charge may arise where no consideration is payable. Taxable persons account for VAT on their outputs and they are allowed credit against this liability for tax borne on business purchases and other inputs as evidenced by correctly prepared VAT invoices. Taxable persons must be registered with the Revenue Commissioners for VAT purposes.

VAT is a transaction based tax and is chargeable when a taxable person supplies goods or services in Ireland in the course or furtherance of a taxable business. It is also chargeable on the purchase of specified services from suppliers outside Ireland, on imported goods, and on intra-Community acquisitions of goods.

“Taxable persons” includes persons carrying on a business in Ireland whose annual turnover exceeds the following limits; €75,000 where goods are supplied and €37,500 where services are supplied. Foreign traders supplying taxable services in Ireland or selling goods from stocks held in Ireland are obliged to register for Irish VAT. Such traders do not have the benefit of the above registration thresholds unless they have a fixed place of business in Ireland.

Unregistered persons in receipt of 4th schedule services from abroad are deemed to be supplied in Ireland and must register for Irish VAT if those services are received for business purposes. They are also obliged to register for VAT if they make intra-Community acquisitions which exceed €42,000 in a 12 month period.

Accounting for VAT

Taxable persons must register for VAT and submit bi-monthly returns in respect of supplies and purchases made in the two-month period. With effect from 1 July 2007, in certain cases returns may be submitted on a half-yearly or four-monthly basis. Some taxable persons may elect to account for their VAT liability on the basis of cash received in a taxable period rather than on the basis of invoiced sales.

Main categories Rate

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| Taxable goods/services not subject to one of the other rates, i.e. standard rate | 21.5% |
| Exported goods, fertilizers, books, food, oral medicine, children’s clothing and footwear | 0% |
| Livestock and greyhounds. | 4.4% |
| Real property, building services, newspapers & periodical, hotel & holiday accommodation, short term car and boat hire, tour guide services & certain | 13.5% |

agricultural services.

Heating fuel, electricity, restaurant services, cinema and cabaret admission hot take-away foods, waste disposal services, admission to exhibitions the services of veterinary surgeons, cakes and non-chocolate biscuits and child car seats. 13.5%

Hairdressing & other similar services, repair & maintenance of movable goods, photographic services, laundry & dry cleaning and driving instruction. 13.5%

The supply of most banking services, insurance services, education and training, medical services, passenger transport, funeral undertaking, lotteries and services of trade unions. Exempt

"Section 13A"

Taxable persons may be authorised to import and make intra-Community acquisitions of goods and to purchase goods and services in the State without having to incur the VAT normally chargeable if at least 75% of their annual turnover is comprised of exports and/or zero rated intra-Community supplies.