



Online Accounting Software

VAT GUIDE

What is VAT?

Value Added Tax (VAT) is a tax charged on the sale of goods and services by VAT registered businesses in Ireland.

VAT Rates

There are currently 5 rates of VAT charged on different categories of goods and services;

1. The Standard Rate **23%**
2. Reduced Rate **13.5%**
3. Second Reduced Rate **9%**
4. Special Rate **4.8%**
5. Zero Rate **0%**

Your business is required to register for VAT if it turns over more than **€75,000** providing goods in a 12 month period or if it turns over more than **€37,500** in a 12 month period providing services.

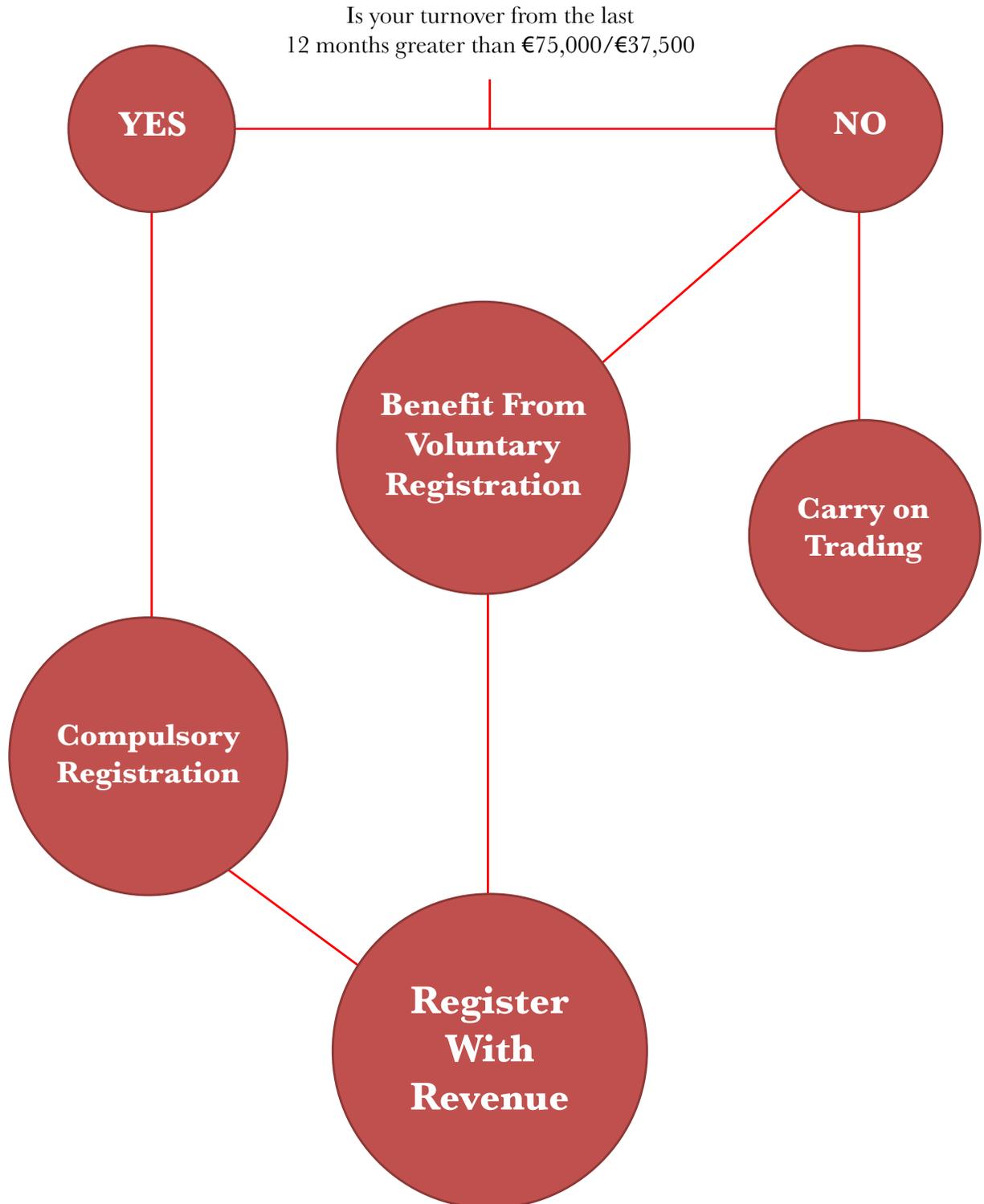
All businesses that are VAT registered will have to provide records of all the VAT that they have charged others and all that they have paid out to suppliers, usually every 2 months.

Since June 2012 all businesses are now required to submit their VAT returns online to Revenue.

Businesses with VAT liabilities may not have to submit returns bi-monthly. Depending on their liability they could be eligible for quarterly or bi-annual submissions.

Register for VAT if you turnover more than €75,000 per 12 months providing goods or €37,500 providing services per 12 months

Registering for VAT



VAT Schemes

The default VAT scheme that you will be assigned to when you register is the Standard VAT scheme. There are other schemes available and it could be beneficial to your business to apply for them, depending on your circumstances.

1. Standard Scheme

The default VAT scheme allows for you to reclaim VAT when an invoice is received from a supplier rather than when you actually pay the invoice. When you make a sale, you will in turn be liable for VAT at the point that you send an invoice rather than when you receive revenue from that sale.

2. Money Received Basis Scheme (Cash Accounting)

Under cash accounting, instead of being liable for VAT when you issue an invoice your business only becomes liable when you have actually received revenue from your customer. This scheme is great for small businesses who want to secure their cash flow.

3 Annual Accounting Scheme

Under the annual accounting scheme, VAT can be paid by direct debit instalments. The amount of the instalments are defined by the VAT you paid in the previous year. At year end when a VAT return is submitted, any balance due is paid. The outstanding balance should be less than 20% of the annual liability or interest may be chargeable. This scheme decreases the amount of paperwork needed on VAT returns throughout the year.

The deadline for issuing VAT invoices is 15 days after the goods and services were supplied

Submitting VAT Returns

Your ‘accounting period’ is the period of time for which you’ll need to submit VAT returns if you are registered. The period is usually 2 months for the Standard Scheme.

Submitting Returns

VAT returns are now required to be submitted online. When you register for VAT a ROS account will be set up for you to enable you to do this. Alternatively you can authorise an accountant to submit your VAT return on behalf of your business.

You must remember to submit a VAT return even if you have a nil return (no VAT) for that period.

What it should show?

Output Tax: The VAT you’ve charged over the period to your customers.

Input Tax: The VAT you’ve paid on purchases during the period

If your input tax is greater than your output tax you can claim the difference back from Revenue.



Online Accounting Software

WHO WE ARE

Big Red Cloud is a leading supplier of online account's software to the SME market.

Our online account's software is simple and easy to use and takes only minutes to set up. It is designed to enable smart business people get on with doing what they do best which is to sell their products or services.

We believe in giving exceptional value by including multiple users, unlimited transactions, telephone, email, live chat support and free access for your accountant and bookkeeper, all for a low monthly fee.

Join over 35,000 businesses that have already made the smart move and get your business up and running with Big Red Cloud's online accounts software.

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