

Status: Point in time view as at 01/09/2006.

Changes to legislation: There are currently no known outstanding effects for the Value Added Tax Act 1994, Cross Heading: Liability to be registered. (See end of Document for details)

SCHEDULES

SCHEDULE 1

REGISTRATION IN RESPECT OF TAXABLE SUPPLIES

Liability to be registered

- 1 (1) Subject to sub-paragraphs (3) to (7) below, a person who makes taxable supplies but is not registered under this Act becomes liable to be registered under this Schedule—
- (a) at the end of any month, if the value of his taxable supplies in the period of one year then ending has exceeded [^{F1}£61,000]; or
 - (b) at any time, if there are reasonable grounds for believing that the value of his taxable supplies in the period of 30 days then beginning will exceed [^{F2}£61,000].
- (2) Where a business carried on by a taxable person is transferred to another person as a going concern and the transferee is not registered under this Act at the time of the transfer, then, subject to sub-paragraphs (3) to (7) below, the transferee becomes liable to be registered under this Schedule at that time if—
- (a) the value of his taxable supplies in the period of one year ending at the time of the transfer has exceeded [^{F3}£61,000]; or
 - (b) there are reasonable grounds for believing that the value of his taxable supplies in the period of 30 days beginning at the time of the transfer will exceed [^{F4}£61,000].
- (3) A person does not become liable to be registered by virtue of sub-paragraph (1) (a) or (2)(a) above if the Commissioners are satisfied that the value of his taxable supplies in the period of one year beginning at the time at which, apart from this sub-paragraph, he would become liable to be registered will not exceed [^{F5}£59,000].
- (4) In determining the value of a person's supplies for the purposes of sub-paragraph (1) (a) or (2)(a) above, supplies made at a time when he was previously registered under this Act shall be disregarded if—
- (a) his registration was cancelled otherwise than under paragraph 13(3) below, paragraph 6(2) of Schedule 2 [^{F6}, paragraph 6(3) of Schedule 3 or paragraph 6(2) of Schedule 3A], and
 - (b) the Commissioners are satisfied that before his registration was cancelled he had given them all the information they needed in order to determine whether to cancel the registration.
- (5) A person shall be treated as having become liable to be registered under this Schedule at any time when he would have become so liable under the preceding provisions of this paragraph but for any registration which is subsequently cancelled under paragraph 13(3) below, paragraph 6(2) of Schedule 2 [^{F6}, paragraph 6(3) of Schedule 3 or paragraph 6(2) of Schedule 3A].

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- (6) A person shall not cease to be liable to be registered under this Schedule except in accordance with paragraph 2(5), 3 or 4 below.
- (7) In determining the value of a person's supplies for the purposes of sub-paragraph (1) or (2) above, supplies of goods or services that are capital assets of the business in the course or furtherance of which they are supplied and any taxable supplies which would not be taxable supplies apart from section 7(4) shall be disregarded.
- (8) Where, apart from this sub-paragraph, an interest in, right over or licence to occupy any land would under sub-paragraph (7) above be disregarded for the purposes of sub-paragraph (1) or (2) above, it shall not be if it is supplied on a taxable supply which is not zero-rated.
- [^{F7}(9) In determining the value of a person's supplies for the purposes of sub-paragraph (1) or (2) above, supplies to which section 18B(4) (last acquisition or supply of goods before removal from fiscal warehousing) applies and supplies treated as made by him under section 18C(3) (self-supply of services on removal of goods from warehousing) shall be disregarded.]

Textual Amendments

- F1** Sum in Sch. 1 para. 1(1)(a) substituted (1.4.2006) by [The Value Added Tax \(Increase of Registration Limits\) Order 2006 \(S.I. 2006/876\)](#), arts. 1, **2(a)**
- F2** Sum in Sch. 1 para. 1(1)(b) substituted (1.4.2006) by [The Value Added Tax \(Increase of Registration Limits\) Order 2006 \(S.I. 2006/876\)](#), arts. 1, **2(a)**
- F3** Sum in Sch. 1 para. 1(2)(a) substituted (1.4.2006) by [The Value Added Tax \(Increase of Registration Limits\) Order 2006 \(S.I. 2006/876\)](#), arts. 1, **2(a)**
- F4** Sum in Sch. 1 para. 1(2)(b) substituted (1.4.2006) by [The Value Added Tax \(Increase of Registration Limits\) Order 2006 \(S.I. 2006/876\)](#), arts. 1, **2(a)**
- F5** Sum in Sch. 1 para. 1(3) substituted (1.4.2006) by [The Value Added Tax \(Increase of Registration Limits\) Order 2006 \(S.I. 2006/876\)](#), arts. 1, **2(b)**
- F6** Words in Sch. 1 para. 1(4)(a)(5) substituted (28.7.2000 with effect as mentioned in s. 136(10) of the amending Act) by [2000 c. 17, s. 136\(6\)\(a\)](#)
- F7** Sch. 1 para. 1(9) added (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by [1996 c. 8, ss. 25, 26, Sch. 3 para. 13](#); [S.I. 1996/1249, art. 2](#)

- [^{F8}1A (1) Paragraph 2 below is for the purpose of preventing the maintenance or creation of any artificial separation of business activities carried on by two or more persons from resulting in an avoidance of VAT.
- (2) In determining for the purposes of sub-paragraph (1) above whether any separation of business activities is artificial, regard shall be had to the extent to which the different persons carrying on those activities are closely bound to one another by financial, economic and organisational links.]

Textual Amendments

- F8** Sch. 1 para. 1A inserted (19.3.1997) by [1997 c. 16, s. 31\(1\)](#)

- 2 (1) Without prejudice to paragraph 1 above, if the Commissioners make a direction under this paragraph, the persons named in the direction shall be treated as a single taxable person carrying on the activities of a business described in the direction and that

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taxable person shall be liable to be registered under this Schedule with effect from the date of the direction or, if the direction so provides, from such later date as may be specified therein.

- (2) The Commissioners shall not make a direction under this paragraph naming any person unless they are satisfied—
 - (a) that he is making or has made taxable supplies; and
 - (b) that the activities in the course of which he makes or made those taxable supplies form only part of certain activities^{F9}. . . , the other activities being carried on concurrently or previously (or both) by one or more other persons; and
 - (c) that, if all the taxable supplies of [F10thebusiness described in the direction] were taken into account, a person carrying on that business would at the time of the direction be liable to be registered by virtue of paragraph 1 above;
F11
 - F11(d)
- (3) A direction made under this paragraph shall be served on each of the persons named in it.
- (4) Where, after a direction has been given under this paragraph specifying a description of business, it appears to the Commissioners that a person who was not named in that direction is making taxable supplies in the course of activities which should^{F12}. . . be regarded as part of the activities of that business, the Commissioners may make and serve on him a supplementary direction referring to the earlier direction and the description of business specified in it and adding that person’s name to those of the persons named in the earlier direction with effect from—
 - (a) the date on which he began to make those taxable supplies, or
 - (b) if it was later, the date with effect from which the single taxable person referred to in the earlier direction became liable to be registered under this Schedule.
- (5) If, immediately before a direction (including a supplementary direction) is made under this paragraph, any person named in the direction is registered in respect of the taxable supplies made by him as mentioned in sub-paragraph (2) or (4) above, he shall cease to be liable to be so registered with effect from whichever is the later of—
 - (a) the date with effect from which the single taxable person concerned became liable to be registered; and
 - (b) the date of the direction.
- (6) In relation to a business specified in a direction under this paragraph, the persons named in the direction, together with any person named in a supplementary direction relating to that business (being the persons who together are to be treated as the taxable person), are in sub-paragraphs (7) and (8) below referred to as “the constituent members”.
- (7) Where a direction is made under this paragraph then, for the purposes of this Act—
 - (a) the taxable person carrying on the business specified in the direction shall be registerable in such name as the persons named in the direction may jointly nominate by notice in writing given to the Commissioners not later than 14 days after the date of the direction or, in default of such a nomination, in such name as may be specified in the direction;

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- (b) any supply of goods or services by or to one of the constituent members in the course of the activities of the taxable person shall be treated as a supply by or to that person;
- (c) any acquisition of goods from another member State by one of the constituent members in the course of the activities of the taxable person shall be treated as an acquisition by that person;
- (d) each of the constituent members shall be jointly and severally liable for any VAT due from the taxable person;
- (e) without prejudice to paragraph (d) above, any failure by the taxable person to comply with any requirement imposed by or under this Act shall be treated as a failure by each of the constituent members severally; and
- (f) subject to paragraphs (a) to (e) above, the constituent members shall be treated as a partnership carrying on the business of the taxable person and any question as to the scope of the activities of that business at any time shall be determined accordingly.

- (8) If it appears to the Commissioners that any person who is one of the constituent members should no longer be regarded as such for the purposes of paragraphs (d) and (e) of sub-paragraph (7) above and they give notice to that effect, he shall not have any liability by virtue of those paragraphs for anything done after the date specified in that notice and, accordingly, on that date he shall be treated as having ceased to be a member of the partnership referred to in paragraph (f) of that sub-paragraph.

Textual Amendments

- F9** Words in Sch. 1 para. 2(2)(b) repealed (19.3.1997 with effect in accordance with s. 39 of the repealing Act) by 1997 c. 16, ss. 31(2)(a)(4), 113, **Sch. 18 Pt. IV(1)** Note
- F10** Words in Sch. 1 para. 2(c) substituted (19.3.1997) by 1997 c. 16, s. 31(2)(b)(4)
- F11** Sch. 1 para. 2(2)(d) and word “and” immediately preceding it repealed (19.3.1997 with effect in accordance with s. 39 of the repealing Act) by 1997 c. 16, ss. 31(2)(c)(4), 113, **Sch. 18 Pt. IV(1)** Note
- F12** Word in Sch. 1 para. 2(4) repealed (19.3.1997 with effect in accordance with s. 39 of the repealing Act) by 1997 c. 16, ss. 31(2)(4), 113, **Sch. 18 Pt. IV(1)** Note

- 3 A person who has become liable to be registered under this Schedule shall cease to be so liable at any time if the Commissioners are satisfied in relation to that time that he—
- (a) has ceased to make taxable supplies; or
 - (b) is not at that time a person in relation to whom any of the conditions specified in paragraphs 1(1)(a) and (b) and (2)(a) and (b) above is satisfied.
- 4 (1) Subject to sub-paragraph (2) below, a person who has become liable to be registered under this Schedule shall cease to be so liable at any time after being registered if the Commissioners are satisfied that the value of his taxable supplies in the period of one year then beginning will not exceed [^{F13}£59,000].
- (2) A person shall not cease to be liable to be registered under this Schedule by virtue of sub-paragraph (1) above if the Commissioners are satisfied that the reason the value of his taxable supplies will not exceed [^{F14}£59,000] is that in the period in question he will cease making taxable supplies, or will suspend making them for a period of 30 days or more.
- (3) In determining the value of a person’s supplies for the purposes of sub-paragraph (1) above, supplies of goods or services that are capital assets of the business in the

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course or furtherance of which they are supplied and any taxable supplies which would not be taxable supplies apart from section 7(4) shall be disregarded.

- (4) Where, apart from this sub-paragraph, an interest in, right over or licence to occupy any land would under sub-paragraph (3) above be disregarded for the purposes of sub-paragraph (1) above, it shall not be if it is supplied on a taxable supply which is not zero-rated.

Textual Amendments

- F13** Sum in Sch. 1 para. 4(1) substituted (1.4.2006) by [The Value Added Tax \(Increase of Registration Limits\) Order 2006 \(S.I. 2006/876\)](#), arts. 1, **2(b)**
- F14** Sum in Sch. 1 para. 4(2) substituted (1.4.2006) by [The Value Added Tax \(Increase of Registration Limits\) Order 2006 \(S.I. 2006/876\)](#), arts. 1, **2(b)**

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