



# **VAT GUIDE** **IRELAND**



Global  
VAT Compliance<sup>®</sup>

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## Disclaimer

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# Introduction to Ireland

The Irish VAT Act, also known as the Value Added Tax – Consolidation Act 2010 (as amended), and the VAT Regulations (SI No 639 of 2010) are the primary sources of VAT law in Ireland. Meanwhile, the EU VAT Directive (2006/112/EC) and its corresponding Implementing Regulations regulate VAT in Ireland.

These EU directives have a direct impact on Ireland and can take precedence over any conflicting Irish VAT legislation if certain criteria are met. The Implementing Regulations also directly affect Ireland.

Other Irish laws relevant to the implementation of VAT, in addition to EU VAT legislation and Irish VAT case law, include certain sections of the Taxes Consolidation Act 1997 (as amended) that apply to VAT.

## Scope of Taxation

VAT is charged on all goods or services supplied in Ireland by taxable individuals for a fee, as part of their business activities. The Irish VAT Act does not provide an exact definition of Ireland, but it refers only to the Republic of Ireland ("Ireland") and its adjacent territorial seas for VAT purposes. Since Northern Ireland is part of the United Kingdom, it is not included in Ireland's VAT calculations. Nevertheless, it has regulatory alignment with Ireland for specific cross-border goods supplies after the UK's departure from the EU.

The term "supply" refers to more than only the selling of products and services, it also encompasses other types of transactions, such as:

- ✓ Leasing or Hiring of Goods.
- ✓ Granting, assigning, or surrendering a right.
- ✓ An agreement to refrain from doing something or the acceptance of a situation.
- ✓ Disposal of goods for free.
- ✓ Removal of assets for private use.

## General Information

|  |  |
|--|--|
| <b>Tax Authority</b>   | <b><u>Irish Revenue Authority</u></b>  |
| <b>VAT in local language</b>   | Value Added Tax  |
| <b>Currency</b>  | € Euro   |
| <b>VAT number format</b>   | IE+8 digits<br>IE1234567X; IE1X23456X; IE1234567XX   |
| <b>VAT rates</b>   | Standard 23%; Reduced 13.5%, 9%, 5.6%, and 4.8%<br>Zero-rated (0%) and exempt  |
| <b>Thresholds</b>  |  |
| <b>VAT Registration</b>  |  |
| <b>Established entities</b>  | EUR 40.000 for supplying services EUR 80.000 for supplying goods   |
| <b>Non-established entities</b>  | No registration threshold (As of first business supply)  |
| <b>Intra-Community acquisitions</b>  | EUR 41.000   |
| <b>Intra-EU Distance sales and electronically supplied services to consumers (OSS)</b> | EUR 10.000   |
| <b>VAT Group</b>   | Grouping is generally optional, not mandatory.   |
| <b>Voluntary Registration</b>  | Registration is mandatory but individuals or entities that are not required to register for VAT can still choose to do so. |
| <b>Recovery of VAT by non-established businesses</b>                                   | Yes  |
| <b>Compliance Returns and Deadlines</b>  |  |

|                               |   |
|-------------------------------|---|
| <b>VAT Return</b>             | Electronic VAT returns must be filed within 23 days following the end of the bi-monthly VAT period.<br>VAT returns submitted manually are due by the 19th of the month following each taxable period. |
| <b>Frequency</b>              | Monthly, Bi-Monthly, Bi-Annual, Tri-Annual, and Annual returns (ARTD – Annual Return of Trading Details)  |
| <b>European Sales Listing</b> | 23 <sup>rd</sup> day following the end of the filing period   |
| <b>Intrastat</b>              | 23 <sup>rd</sup> day following the end of the filing period   |
| <b>Annual Return</b>          | It is generally due with the VAT return following the taxable person's financial year-end   |
| <b>Electronic Invoicing</b>   | It is permissible to issue invoices in electronic or paperless format, but it is not yet mandatory.   |

# VAT Rates

Under Section 46 of the Irish VAT Act, the standard rate of Irish VAT is 23% and it applies to a wide range of activities in Ireland and a wide range of goods and services. Ireland has reduced rates of 13.5%, 9%, 4.8 and 0%.

In Ireland, the following VAT rates apply:

| Standard VAT rate   |  |
|---|--|
| The standard VAT rate is the primary rate of VAT applied to goods and services within a country, covering most items except for certain specific goods and services that may qualify for a reduced rate. Some exceptions include essential items or goods and services that meet certain criteria outlined below. |  |
| Rate  | Good or Services   |
| 23%   | Applies to all taxable supplies, with certain exceptions   |
| Reduced VAT rates   |  |
| Below are some goods and services that may be eligible for a reduced value-added tax (VAT) rate, and are subject to potential modifications:  |  |
| Rate  | Good or Services   |
| 13.5%   | First Reduced Rate   |
|   | Services related to building and construction, including the construction of private homes and other permanent structures. |
|   | Medical services for animals provided by licensed veterinarians  |
|   | Utilities such as electricity, heating oil, solid fuels, and gas are used for heating.                                     |

|           |   |
|-----------|---|
|           | Services for repairing various goods, as designated by applicable regulations.  |
|           | Child safety car seats are designed to protect children during transportation.  |
|           | Livestock feed intended for animal consumption.   |
|           | Services related to animal breeding and insemination.   |
|           | Non-oral contraceptives and menstrual hygiene products that are deemed eligible under applicable regulations  |
|           | Non-oral contraceptives and menstrual hygiene products that are deemed eligible under applicable regulations  |
|           | Certain food supplements intended for human oral consumption, as designated by applicable regulations.  |
| <b>9%</b> | <b>Second Reduced Rate</b>  |
|           | Printed periodicals, which include magazines, newspapers, and other regularly printed publications.   |
|           | Electronic publications, such as e-books and e-periodicals, but only if they are not primarily dedicated to advertising or consist mostly of audible music or video content.  |
|           | Certain entities are allowed to provide sporting facilities, such as golf green fees and subscriptions, without charging VAT. However, this exemption does not apply to member-owned golf clubs.  |
|           | <p>Between November 1, 2020 and August 31, 2023, various supplies within the tourism and hospitality sector were eligible for a second reduced rate as outlined in Section 46(1)(cb) of the VAT Act. However, outside of this period, these supplies are subject to the First Reduced Rate. Additionally, between May 1, 2022 and August 31, 2023, the supply of electricity and/or gas is subject to the second reduced rate.</p> <ul style="list-style-type: none"> <li>✓ Hot food that can be taken away, along with restaurant and catering services</li> </ul> |

|             |   |
|-------------|---|
|             | <ul style="list-style-type: none"> <li>✓ Accommodation for hotels and holidays</li> <li>✓ Admittance to cinemas, theaters, certain musical performances, museums, and art galleries</li> <li>✓ Access to historic sites, farms, and other built and natural heritage facilities</li> <li>✓ Hairdressing services</li> <li>✓ Supply of various printed materials such as brochures, leaflets, programs, catalogues, directories, maps, and printed music.</li> </ul> |
| <b>4.8%</b> | <b>Third Reduced rate</b>   |
|             | Domestic animals raised for food or agricultural purposes   |
|             | The trade of horses intended solely for use as food or in agricultural production   |
| <b>0%</b>   | <b>Zero rated</b>   |
|             | The transfer of goods from Ireland to a VAT-registered person in another EU member state (Intra-Community supplies).  |
|             | Goods that are exported outside of the EU.  |
|             | Work performed on movable goods that have been acquired or imported for the purpose of being worked on in the EU, and subsequently dispatched or transported outside of the EU by or on behalf of the service provider.   |
|             | Services related to international transportation of passengers or goods.  |
|             | The supply of gold to the Central Bank of Ireland, unless the option to tax the supply is exercised.  |
|             | Certain staple foods, subject to specific conditions (Note: Tea and herbal tea are not included in this category).  |
|             | Children's clothing and footwear that meet certain requirements.  |
|             | The supply or rental of qualifying sea-going vessels and aircraft, as   |



|  |  |
|--|--|
|  | well as related supplies of goods and services.  |
|  | Certain printed materials, including books and periodicals.  |
|  | Fertilizers, animal feed, veterinary medicine, and certain types of seeds.                             |
|  | Drugs and medications intended for oral consumption, as well as certain medical equipment and devices. |

### Exempt From VAT

|  |  |
|--|--|
|  | Financial services, such as the transfer of shares and certain types of fund management activities.  |
|  | Services related to insurance and reinsurance.   |
|  | Child protection and care services.  |
|  | Provision of school and university education, vocational training, and retraining by recognized educational establishments and private teachers  |
|  | Certain types of betting activities.   |
|  | Lotteries that are legally authorized  |
|  | Hospital care and treatment services, as well as related services.   |
|  | Fees associated with golf club memberships, including green fees paid by visitors to non-profit member-owned golf clubs, and all income derived from golf-related activities at these clubs. |
|  | Professional medical care services provided by qualified healthcare practitioners.   |
|  | Public postal services, such as mail delivery and other related services provided by the postal system.  |

# Registration

VAT registration is an important process for businesses operating in Ireland, as it enables them to comply with their VAT obligations and to benefit from the VAT system.

## Taxable persons

According to Section 2(1) of the Irish VAT Act, a taxable person is an individual or entity that conducts business independently within the EU or other regions. The Irish VAT law does not differentiate between natural or legal persons.

The definition of a business in Section 2(1) of the VAT Act encompasses any economic activity, regardless of its purpose or outcome. This includes activities of producers, traders, service providers, as well as mining, agricultural, professional, and tangible or intangible property exploitation for the purpose of obtaining continuous income.

## Mandatory Registration

In Ireland, mandatory registration for VAT is required when a person's taxable supplies and acquisitions exceed certain thresholds within any consecutive 12-month period. The threshold for taxable supplies of goods is €80,000, while for services it is €40,000, as specified in Section 2 of the Irish VAT Act.

## Voluntary Registration

Individuals or entities that are not required to register for VAT can still choose to do so in order to recover input VAT that is deductible. If they are making taxable supplies that do not exceed the mandatory registration threshold, they can apply for voluntary registration with the Irish Revenue Authority using the same process as mandatory registration.

To be eligible for registration, the applicant must either demonstrate that they are making taxable supplies in Ireland or have a business with the intention of doing so. Additionally, individuals or entities who are residents of Ireland or have a business

establishment in Ireland can apply for registration by concession if they do not make any taxable supplies in Ireland but make or plan to make taxable supplies outside of Ireland that would be considered taxable if they were made in Ireland.

## Exemptions from Registration

In Ireland, businesses are usually not obligated to register for VAT if they meet certain criteria such as having a turnover below the applicable registration thresholds, conducting only VAT-exempt operations, or being classified as not engaged in any "business" activities.

To qualify for the exemption, it is necessary that these individuals or entities are not liable to pay the reverse charge on cross-border supplies, which is a mechanism used to shift the responsibility of VAT payment from the supplier to the customer. Additionally, they must not be obligated to report and pay VAT on intra-Community acquisitions, which refers to the purchase of goods or services from other EU member states.

## Group and Divisional Registration

### Group Registration

Grouping is typically a choice rather than a requirement, and each qualified entity can decide whether or not to join. However, the Irish Revenue Authority has the authority to enforce grouping even if no application has been submitted.

### Divisional Registration

If a change needs to be made or a VAT group needs to be dissolved, the Irish Revenue Authority must be informed by submitting an application.

The leading member of the group must notify the Irish Revenue Authority in writing within 30 days after the conclusion of a tax period when any of the following changes occur:

- ✓ a significant change in the financial, economic, or organizational links between members,
- ✓ a member of the group is no longer established in Ireland

- ✓ If there is no longer a presence of at least one taxable person engaged in the supply of taxable goods and services in Ireland within the group.

Additionally, the Irish Revenue Authority reserves the right to cancel group registration by issuing written notice to each group member, with the specified date of effect.

## **Established Entities**

According to Section 5 of the VAT Act, a taxable person refers to an individual who must register for VAT if they provide taxable supplies in Ireland. If the person is situated in Ireland, they are not obliged to register unless the total amount for these supplies reaches or is expected to exceed certain relevant thresholds during any continuous 12-month period. As per Section 2 of the Irish VAT Act, the registration threshold for goods is EUR 75,000, and the threshold for services is EUR 37,500.

## **Non-Established Entities**

For traders without a physical presence in Ireland, there is no minimum requirement. Individuals engaged solely in VAT-exempt activities are not obligated or authorized to register for VAT until they are mandated to do so for other reasons, such as receiving VAT-taxable reverse charge services from international suppliers. Unless it is a "qualified activity," taxpayers cannot claim an input VAT deduction for VAT expenses associated with an exempt supply.

## **Registration Procedures**

Generally, applications for VAT registration must be submitted electronically, through the Irish Revenue Authority's "Revenue Online Service" (ROS).

Certain applicants may not have the option to utilize the electronic registration system and are instead required to submit paper applications. Those without access to the Irish Revenue Authority's myAccount portal, such as entities with no Irish-resident directors, unincorporated bodies, non-profit organizations, executors, and collection agents, fall into this category. The Office of the Revenue Commissioners is the designated location for the submission of paper applications.

Under Ireland's two-tier VAT registration system, applicants for VAT registration are required to specify whether they are applying for "domestic-only" or "intra-EU" status (for those intending to trade with businesses in the EU).

When applying for VAT registration in Ireland, applicants must indicate whether they are requesting "domestic-only" or "intra-EU" status under the country's two-tier VAT registration system (for those intending to engage in business with other EU companies). As per published guidelines from the Irish Revenue Authority, taxpayers who are granted "intra-EU" status will be immediately registered for EC Sales List reporting obligations. Customers who request "intra-EU" status must furnish additional information on their VAT registration application forms, such as transportation arrangements, the type of supply and acquisitions, and due diligence measures taken to verify customers' and suppliers' bona fides. Customers with "domestic-only" status can apply for "intra-EU" status at any time and will be required to provide the aforementioned information. The Irish Revenue Authority's guidance specifies that customers who held live VAT registrations prior to the introduction of the new VAT system are not impacted.

A firm is responsible for VAT from the date it is required to be registered for VAT or elects to register voluntarily for VAT, not from the date it applies for or receives its VAT registration number. As a result, if taxable supplies are made within the period, the business is not relieved of its need to account for and pay VAT while waiting for a registration number. Once a company has registered for VAT, it can reclaim any VAT it has paid on deductible transactions. Valid VAT invoices must be kept substantiating any input VAT deduction.

## **New Regulation July 2021**

Starting from July 2021, new regulations were put in place, removing country-specific VAT thresholds, and replacing them with an EU-wide distance selling threshold of EUR 10,000. If a business's distance selling revenues fall below this new threshold, VAT must still be paid in the country of origin or the home country of the business. However, all sales mentioned above are subject to tax in the countries where the goods and services are delivered.

# Invoice Requirements

Under the Irish VAT system, taxpayers are required to provide invoices as evidence to support their claims for input VAT deductions.

In Ireland, businesses that are registered for VAT are obligated to issue VAT invoices for all taxable supplies made to customers who are also registered for VAT. Additionally, they must provide VAT invoices to specific parties such as public bodies, persons engaged in exempt activities, and individuals or entities in other EU Member States who are subject to reverse charge mechanisms in their home countries.

On the other hand, there are several exceptions to the general necessity to present a valid VAT invoice, such as VAT free supplies and deliveries to a private consumer. Furthermore, there are several situations in which a supplier should not submit a valid VAT invoice, such as when the supplier is not VAT registered or when deliveries are made under certain special margin schemes.

Failure to issue an invoice under Section 115 of the VAT Act can result in a fixed penalty of EUR 4.000 for a registered supplier.

## **Full VAT invoice**

- ✓ Date of issue.
- ✓ Unique sequential number which identifies the invoice.
- ✓ For a reverse charge supply, the VAT identification number of the person to whom the supply was made and an indication that a reverse charge applies.
- ✓ Supplier's full name & address.
- ✓ Supplier's VAT number.
- ✓ Customer's full name & address.
- ✓ Customer's VAT numbers – for supply other than reverse charge supply.
- ✓ Description of quantity & type of goods supplied or type & extent of services rendered.
- ✓ Date of transaction or payment (if different from invoice date).
- ✓ VAT rate applied.
- ✓ VAT amount payable.
- ✓ Unit price of goods or services – exclusive of tax, discounts, or rebates (unless included in the unit price).

- ✓ If a tax representative is liable to pay the VAT in another Member State, the full name, address, and VAT identification number of that representative.

EU rules provide EU countries with the freedom to make national decisions. The EU Commission publishes the precise provisions adopted by each EU country on their website.

Within six months, invoices must be issued. Invoices for intra-community supplies and reverse chargeable services rendered by taxable individuals located in the EU must be issued within 15 days of the month in which the goods or services were rendered.

## **Electronic Invoicing**

According to Sections 66(2) and 66(2A) of the VAT Act and Regulation 21 of the VAT Regulations 2010 in Ireland, it is permissible to issue invoices in electronic or paperless format. However, public bodies must be equipped to receive and process electronic invoices if they are provided in this manner. For electronic invoicing and recordkeeping systems to be acceptable, they must satisfy certain criteria. **These requirements include:**

- ✓ the ability to produce, retain, and store electronic records and messages in accordance with VAT law, as well as to make these records available to the Irish Revenue Authority upon request.
- ✓ Additionally, the system must be capable of reproducing any electronic record or message in either paper or electronic format as necessary.
- ✓ The system must also maintain electronic records in a manner that permits retrieval by reference to the issuer or recipient's name, the message's date, or its unique identification number.
- ✓ Finally, both the issuer and recipient of the invoice must have measures in place to guarantee the origin's authenticity, content integrity, and a dependable audit trail connecting the invoice and supply during the invoice's storage duration.
- ✓ The Irish Revenue Authority reserves the right to request evidence of the business controls implemented to satisfy these criteria.

# VAT Returns

Registration is effective from the start of the following taxable period, which is two months after the Revenue Office receives the completed application. Businesses must be compliant from the time they were required to register, not when they applied for or acquired a VAT number.

In Ireland, the majority of VAT-registered businesses are required to file their VAT returns bi-monthly, with the return periods ending in February, April, June, August, October, and December. Companies with an excess of input tax over output tax can opt for monthly filing of VAT returns to improve their cash flow. Taxpayers with yearly VAT liabilities below EUR 3,000 have the option to file VAT returns every six months, while traders with annual VAT liabilities between EUR 3,000 and EUR 14,400 may be eligible to file their returns every four months.

Businesses may request to file a yearly VAT return in specific circumstances, though the Irish Revenue Authority will collect payments via direct debit on a regular basis.

An Annual Return of Trading Details is also required for taxpayers (ARTD). This is a yearly statistical report that covers the VAT exclusive values and VAT rates for sales, purchases, importations, reverse charge supplies, and intra-Community acquisitions and supplies.

## Filing Deadline

Within 23 days of the end of the bi-monthly VAT period, electronic VAT returns must be filed. Manually submitted VAT returns must be received by the 19th of the month following the taxable period.

Following the taxable person's financial year-end, ARTD is generally due with the VAT return.

## Electronic Filing

Nearly all VAT-registered individuals are required to electronically file their Irish VAT returns and make VAT payments via the Revenue Online Services portal. The Irish Revenue Authority may waive the obligation to file and pay electronically if they decide



that the taxpayer is unable to do so competently, but these circumstances are rare, and no definitive list of exempted taxpayers exists. In general, electronic filing is mandatory.

## **Payment Timing**

Payment of VAT liabilities must be made by the deadline for filing the return in Ireland. Although the Irish Revenue Authority may accept payments outside of ROS in restricted cases, the Irish Revenue Authority is pushing for all taxpayers to use ROS. As a result, if taxpayers are unable to pay through ROS, problems may occur since the Irish Revenue Authority may refuse to accept payment made by any other method, and the taxpayer may be liable to interest and penalties for late VAT payment.

## **Interest and Penalties**

### **Interest**

In accordance with Section 114(1) of the VAT Act in Ireland, if a taxpayer fails to pay the correct amount of Value Added Tax (VAT) on time, interest will be charged on the underpaid amount.

The rate of interest charged is fixed by law at 0.0274% per day and cannot be subject to negotiation or adjustment.

### **Penalties**

Under Section 116 of the Irish VAT Act, failure to pay VAT liability within a tax period may result in tax-geared penalties if the failure was due to deliberate or careless conduct. The amount of these penalties can add up to 100% of the unpaid VAT liability.

However, the severity of the penalties imposed may be lessened based on several factors such as the disclosure made to the Irish Revenue Authority, the timing of the disclosure, the taxpayer's level of cooperation, and the category of default.

Additionally, non-compliance with certain VAT obligations may lead to fixed penalties of 4000 euros for each offense. These offenses are clearly listed in Section 115 of the VAT Act, and include failing to register within the given timeframe, submitting inaccurate VAT returns, and issuing invalid VAT invoices.

## VAT Recovery

VAT is charged on the transaction value of a supply in Ireland, and there are no deductions for expenditures or other amounts. The overall amount of VAT payable to the Irish Revenue Authority during a VAT return period may, however, be lowered by input VAT, which refers to VAT expenses spent on specific transactions, according to Section 59 of the VAT Act.

**To claim an input VAT credit in Ireland, the following conditions must be satisfied:**

- ✓ The input tax should be related to the claimant's taxable or deductible activities or to supplies made outside of Ireland that would be subject to Irish VAT if made in Ireland and are not for an exempt or private/non-commercial purpose.
- ✓ The claimant must possess adequate documentary evidence of the input tax paid.
- ✓ The input credit must be claimed within the designated timeframe.

A person who produces both deductible and nondeductible supplies can claim a portion of the input VAT paid on costs incurred in connection with their business activity and supplies.

Under the "dual-use" regulations stated in Section 61 of the VAT Act, input VAT that cannot be readily attributable to either category, such as overheads, can be recovered in part. The turnover method is the default method for computing the input VAT deduction for dual-use inputs, according to Section 61(4) of the Irish VAT Act, as amended. Nevertheless, an alternative method must be used in specific instances.

In the Irish VAT regime, input VAT should generally be claimed in the VAT period in which the relevant valid VAT invoice for the supply was issued for taxpayers using the invoice basis of accounting for VAT.

# Refunds

## Resident Taxable Persons

To obtain a VAT refund, a VAT-registered individual can utilize the periodic VAT 3 return if they are in a VAT refundable position. If a refund claim is made within the period in which it was incurred, there is no obligation to transfer the credit to the next VAT return period. As per Section 99 of the Irish VAT Act, the claim must be submitted within four years of the end of the applicable taxable period. Generally, VAT refunds are received within an average of two months.

## Foreign Taxable Persons

To claim a refund for the Irish VAT paid on purchases, foreign businesses that are not established in any Member State but meet certain conditions, including reciprocity, can apply to the Irish Revenue Authority under the 13th EU VAT Directive Refund Mechanism, as per Section 102 of the VAT Act. **The company must meet the following requirements to make such a claim:**

- ✓ Be VAT registered, liable, or eligible to be VAT registered in Ireland.
- ✓ Be based in any of the EU member states.
- ✓ Made any deliveries of goods or services that might result in an Irish VAT charge.

The claimant's business must be VAT-registered or constitute a deductible activity in Ireland. Furthermore, the claimant's home country must have a comparable turnover tax system and reciprocal reimbursement agreements with Irish taxable enterprises. Ireland has reciprocal agreements with the vast majority of countries.

The claim for a VAT refund must be submitted by June 30 of the calendar year following the year in which the expense was incurred. The reimbursement request is made on Form VAT 60OEC, which must be submitted in paper copy at this time, because it is not currently possible to do so electronically.

## Refunds to Nonregistered Persons (Domestic and Foreign)

Except under restricted situations, a person formed in Ireland who is not registered for VAT is not eligible for a VAT refund.

### VAT Refunds—Customs Unions

EU-based businesses registered for VAT in Ireland can request a VAT refund through the same procedures as Irish taxpayers. To claim a refund, the business must utilize an electronic portal established by their home Member State to submit the application to the Member State where the refund is owed. Generally, the claimant cannot be registered, or required to register, in the Member State where the refund is being requested, nor can it have a fixed establishment, place of business, seat of economic activity, or any other residence in that Member State.

Additionally, the claimant must not have supplied any goods or services in the Member State from which the refund is sought during the refund period, with some exceptions. The VAT application must be submitted by September 30th of the calendar year following the expenditure. Once approved, the Irish Revenue Authority will make the payment via an electronic money transfer to the bank account specified in the application.

# VAT Reverse Charge

Section 12 of the Irish VAT Act stipulates that if a supplier, who is not based in Ireland, provides services to an Irish establishment and the place of supply of these services is in Ireland, the recipient is required to account for Irish VAT on the supply using the reverse charge mechanism. This obligation also applies if the service user does not have a presence in Ireland but has a fixed establishment that receives services from a non-resident supplier.

Under the reverse charge procedure, the recipient is deemed to have made a taxable supply of services to itself. If the incurred service was used for deductible purposes, the Irish VAT-registered business is eligible for a corresponding input VAT tax deduction.

If the Irish company is entitled to a full input VAT deduction, the output and input VAT amounts will perfectly offset one another in the VAT 3 return, resulting in no net cost or cash flow cost. On the other hand, only a fraction of the input tax credit can be recovered, if the Irish business is not entitled to a hundred percent input VAT recovery.

## Local Reverse charge

**According to Section 16 of the Irish VAT Act, the reverse charge mechanism also applies to a number of domestic supplies including:**

- ✓ Ownership of goods is transferred to the National Asset Management Agency.
- ✓ When the supplier and recipient exercise the combined option to tax the supply of particular immovable property.
- ✓ Allowances for greenhouse gas emissions.
- ✓ Certain construction services that are subject to the relevant contract tax or are provided between related parties.
- ✓ Scrap metal supplies.
- ✓ Wholesale gas or electricity supplies to a taxable dealer conducting business in Ireland, or who supplies gas or electricity certificates to another taxable person conducting business in Ireland.

# 'Call off stock'

## Simplifying the EU's call-off stock regime

On or after January 1, 2020, one of the Quick Fixes provided by Article 17a of the EU VAT Directive, which is incorporated into Irish legislation under Section 23A of the Irish VAT Act, harmonizes call-off stock arrangements throughout EU Member States.

If a supplier moves goods to a warehouse in another EU Member State with the aim of making a later supply to a specific buyer, the following regulations apply. The transfer of goods to the warehouse is not viewed as a taxable transaction due to the simplification rule. The taxable transaction occurs when the ownership of the goods is transferred to the purchaser.

The taxable transaction is handled as a zero-rated intra-Community supply of goods from the supplier to the buyer, as well as an intra-Community acquisition by the buyer in the Member State where the goods are acquired. As a result, the supplier is not required to register for VAT in the Member State where the goods are delivered.

### **If this criteria applies, use of the call-off stock simplification scheme is required:**

- ✓ A taxable person, or a third party acting on his or her behalf, must dispatch or transport goods to another Member State with the intention of supplying those items to another taxable person, who is authorized to assume ownership under an existing agreement between the counterparties.
- ✓ The taxable person dispatching or carrying the goods, must not have a fixed establishment in the Member State to which the items are delivered or conveyed.
- ✓ The taxable person to whom the goods are to be delivered must be identified for VAT purposes in the Member State to which the goods are dispatched or transported, and the taxable person dispatching the goods, must know both his or her identity and the VAT identification number assigned to him or her by that Member State at the time the dispatch or transportation begins.
- ✓ The taxable person who dispatches or transports the commodities must keep track of the transfer in a register.
- ✓ The products must be delivered to the designated recipient within 12 months of their arrival at the consignment location. If this criterion is not met, the

commodities are normally considered transferred on the day after the 12-month period has expired.

The taxable persons must permit the tax authorities to verify the correct application of the call-off stock simplification. The taxable person must also disclose in the VIES Statement, the identity of the taxable person acquiring the goods and the VAT identification number assigned to the latter by the Member State to which the goods are dispatched or transported.

# Import VAT

According to Section 2 of the VAT Act, "importation of goods" is defined as the act of bringing goods into the EU from outside the EU. In contrast, the term "intra-Community acquisitions" is used for goods that are transported into Ireland from other EU member states. Goods can be imported directly from outside the EU or indirectly through one or more other Member States, as long as they were not subject to VAT in those Member States and were under a customs suspension regime in another EU Member State before being transported to Ireland.

## Liability for Import VAT

Even if the importer of record is an unregistered person, the importer of record is normally liable for import VAT. This is in contrast to the regulation that applies to intra-Irish supplies of goods and services, which are generally only taxable when made by taxable individuals, subject to the registration threshold being surpassed.

Import VAT can be recovered in the usual way through an Irish VAT return, provided the importer is an accountable person and meets the general input VAT recovery conditions.

## Deferral of the Irish import VAT

The typical practice when goods are imported into Ireland from outside the EU is that the designated importer must remit VAT at the point when the goods cross customs and enter free circulation. Nevertheless, the importer may take advantage of the postponed accounting scheme, which allows them to report the VAT due on goods imported from outside the EU on or after January 1, 2021, on their VAT return for the relevant accounting period and to pay the VAT by the deadline for that return, as stipulated in Section 53A of the VAT Act.

**A taxpayer must meet the following requirements in order to use the postponed accounting system:**

- ✓ Comply with all applicable VAT and other tax obligations.
- ✓ Maintain detailed records of all transactions.
- ✓ Must not have been convicted of any tax-related offences.



- ✓ Provide necessary information when the Irish Revenue Authority requires.

Accountable persons who were registered for both VAT and Customs & Excise at the end of the Brexit transition period are eligible for Postponed Accounting automatically. VAT registered traders, who were not registered for C&E at the time, must register for C&E in order to import goods into Ireland, after which they will be granted automatic Postponed Accounting. Unless they are intra-EU VAT applicants with an active C&E registration, new VAT applicants are normally needed to submit a postponed accounting application or request, either online or electronically.

Import VAT postponed accounting was not possible prior to January 1, 2021. However, certain traders can use an alternate deferred payment mechanism before and after January 1, 2021. Strict requirements apply, including the furnishing of a bank guarantee. The dealer can postpone payment of import VAT until the 15th day of the month following the month in which the VAT is due under the plan. An Economic Operator Registration and Identification (EORI) number is required for importers who use postponed accounting or the alternative deferred payment system.

## Intrastat

The purpose of Intrastat is to gather data and generate statistics about the movement of goods among member states within the European Union's internal market.

| Type of Intrastat: | Standard Return |
|--------------------|-----------------|
| Arrivals           | EUR 500.000     |
| Dispatches         | EUR 635.000     |

If certain reporting thresholds are surpassed, taxable persons conducting intracommunity deliveries or acquisitions of goods may be required to complete a thorough Intrastat Declaration in addition to the applicable boxes on the VAT 3 return. Arrivals have a reporting threshold of EUR 500.000 per year, whereas dispatches have a reporting requirement of EUR 635.000 per year.

The Intrastat Declaration is due on the 23rd day of the month, following the reporting month's end and can be submitted electronically through the ROS system.

## EC Sales List

VAT-registered individuals involved in intra-Community transactions are required to submit VIES Statements, also called EC Sales Lists or ESLs in other regions. There is no reporting threshold for VIES Statements, meaning that VAT-registered individuals must provide them regardless of the transaction's value. As of January 1, 2020, the EC Sales List must also include information about call-off stock arrangements' recipients. In addition, Schedule 2 of the Irish VAT Act requires taxpayers to follow VIES Statement reporting rules to obtain a zero rate for intra-Community dispatches as of that date.

The VIES Statement must include the VAT numbers of the filer's customers and the total value of supplies made to each customer during the relevant taxable period. If the supply is for services, the flag "S" in the flag column should be used, and if the goods were subject to triangulation simplification, the flag "T" should be used.

Service providers must file quarterly statements, although they might choose to file monthly. Goods suppliers are required to file the statement on a monthly basis in most cases. Taxable persons may choose to file quarterly if their reportable goods supplies do not exceed the quarterly threshold of EUR 50.000. If their shipments do not surpass specific levels, certain low-value suppliers of commodities may submit on an annual basis.

By the 23rd day of the month, following the end of the applicable period, the VIES Statement must be submitted.

The Irish Revenue Authority Online Service portal can be used to submit the return (ROS).

A penalty of up to EUR 4.000 may be imposed, if the VIES Statement duties are not met.

## B2C Services

The determination of the place of supply is crucial in determining whether or not Irish VAT applies to a transaction. The VAT Act's Sections 33 and 34 outline the place of supply rules for services, which differentiate between supplies made to taxable persons (B2B) and end-users who are not running a business (B2C). In Ireland, B2B service supplies are generally considered to be made where the recipient's business is established (or where a fixed establishment is situated if it receives the service and is located in a different state than where the business is established), regardless of the service provider's location. This is subject to some exceptions.

B2C supplies of services are generally treated as being made where the supplier is established (or where it has a fixed establishment which supplies the services, if this fixed establishment is in a State other than that in which the supplier's business is established), subject to certain exceptions.

Accordingly, the VAT concept of “establishment” is key for determining where the service is taxed under these rules

A digital product refers to any item or service that is electronically stored, transported, and used, including those obtained through email, website login, or Internet download. To sell digital products in another EU member state, such as Ireland, registration with the One-Stop Shop (OSS) is required.

The VAT One-Stop Shop (OSS) is a voluntary system that enables businesses to account for VAT in a single EU country. If you offer cross-border digital services, telecommunications, or broadcasting to a non-taxable individual, you may be eligible for this system.

### Among the OSS services are:

- ✓ website hosting
- ✓ supply of software
- ✓ access to databases
- ✓ downloading apps or music
- ✓ online gaming
- ✓ distance teaching

- ✓ accommodation services carried out by non-established persons
- ✓ admission to cultural, artistic, sporting, scientific, educational, entertainment events, fairs & exhibitions

The OSS eliminates the need for you to register with tax authorities in each EU country where you sell. Instead, you can register for VAT, file VAT returns, and make payments in a single location under the OSS framework. You must apply the rules of the OSS scheme to all your clients in all the EU nations to which you provide services or products.

**Currently, there are two schemes in operation under OSS:**

- ✓ The union scheme, which is available to enterprises that have been formed in the EU or that have at least one branch in an EU country – fixed establishment.
- ✓ The non-union scheme is intended for enterprises that have not been created in the EU and do not have any branches in the EU – can register in the Member State of their choice.

If a non-EU company hires an intermediary in the EU to conduct distance sales on its behalf from outside his or her EU Member State, the intermediary must register in the Member State where the intermediary is located.

An individual who has registered for the One-Stop Shop (OSS) is obligated to file VAT returns electronically with the Member State of identification every quarter. If the business is enrolled in the Import One-Stop Shop (IOSS), monthly returns are required. These returns must be filed by the end of the month following the conclusion of the tax period. Subsequently, the Member State of Identification transmits these returns, along with the VAT paid, to the Member States of Consumption through a secure communication network.

Those who register for an OSS in Ireland are required to maintain comprehensive records of transactions covered by the program and to file a specific VAT report with the Irish tax office electronically. OSS records should be kept for ten years from the end of the year in which the transaction is completed and made available electronically to the relevant authorities upon request.

## E-commerce Distance Sales

Section 29 of the Irish VAT Act outlines the general place of supply regulations for goods, which align with the standardized EU guidelines for the place of supply of goods. According to these regulations, goods that are situated in Ireland and do not require removal from the country are deemed to be supplied within Ireland. In contrast, goods that are situated outside of Ireland and do not require entry into Ireland are regarded as being supplied outside of Ireland.

### **The following additional rules apply under Section 29:**

- ✓ Goods that are not dispatched or transported in the course of their supply have, as their place of supply, the place where the goods are located at the time of supply.
- ✓ A supply that involves the physical transport of goods is generally treated as supplied where the transport begins. Therefore, if goods are dispatched or transported from Ireland to another jurisdiction, the supply is generally regarded as being made in Ireland. However, subject to certain conditions being met, the supply is subject to VAT at the zero rate as either an “intra-Community dispatch” or an “export.” The term “export” is typically used to describe the sale of goods to a country outside the EU, whereas the supply of goods to another EU Member State are generally regarded as “dispatches” or “intra-Community supplies”.
- ✓ If goods are installed or assembled by or on behalf of the supplier, the supply takes place where the goods are installed or assembled.
- ✓ If goods are supplied on board vessels, aircraft or trains during intra-Community transport, the place of supply is where the transportation begins.
- ✓ Supplies of gas and electricity, heat and cooling energy to a taxable dealer are generally taxable at the place where the taxable dealer is established or has a fixed establishment for which the goods are supplied. Where these supplies are made to a final consumer (i.e., not a taxable dealer), they are taxable at the place of consumption under Section 31 of the VAT Act.

## Further Information

The recent EU VAT reform, effective July 1, 2021, impacts businesses that engage in cross-border transactions within the EU or import goods from outside the EU, particularly those involved in e-commerce. The reform introduced the One-Stop-Shop (OSS) system, which enables companies to register for VAT and file VAT returns on a quarterly basis in a single EU country. In addition, a new scheme called the Import One-Stop-Shop (IOSS) was created specifically for imports.

The One-Stop Shop (OSS) model extends the previous Mini One-Stop Shop (MOSS) scheme to include VAT on certain digital products in the EU. The objective of both schemes is to simplify tax compliance and reduce administrative burdens for businesses, while increasing tax collection. The OSS scheme allows businesses to register for VAT and file VAT returns in a single country, eliminating the need to keep track of different distance selling thresholds in each country. Instead, an EU-wide threshold of EUR 10,000 applies. The OSS (One-Stop-Shop) is developed for EU enterprises selling goods to customers within the EU. In the EU, IOSS is meant for non-EU enterprises selling items worth up to EUR 150 to EU clients. In this case, ordinary VAT import regulations apply.

## For more information, see:

### Government Agencies

[Irish VAT Act](#)

[Irish VAT Regulations](#)

[Irish Revenue Authority](#)

[Irish Revenue Authority Online Service portal](#)

[Irish Revenue VAT Tax and Duty Manual](#)

### European Union

[Council Directive 2006/112/EC on VAT \(the “EU VAT Directive”\)](#)

[European Commission VAT portal](#)

[EU law \(Europa\)](#)

### One Stop Shop (OSS)

[European Commission guidance on the One Stop Shop \(OSS\)](#)

### Disclaimer

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