HMRC - VATDSAG02100 - Possible Conclusions

There are three possible conclusions which you might reach in one of these cases:

(i) There has always been a single legal entity carrying on all the business activities

The single entity carrying on the business will need to be registered. If it is already registered, you will need to assess for any underdeclarations.

See VATDSAG04650 - What to do when you are satisfied that there is a single entity for more details.

(ii) There are a number of separate legal entities but only one business

Where the separation is artificial and results in VAT avoidance, this is disaggregation.

If

you can establish financial, economic and organisational links between all the separated parts of the business and

the conditions of VATA 94 Sch1 para 2(2) are satisfied

you can ask the VAT Registration Service (VRS) to issue a Notice of Direction (NoD).

The NoD will register the separate parts of the business as a single taxable person (for example, sole proprietor, partnership, company) from a specified date. Any existing registrations must be cancelled.

See VATDSAG07000 - What to do if you have reached a conclusion of disaggregation for more details.

(iii) There are a number of genuinely separate legal entities

There are no financial, economic and organisational links between the separated parts of the business and the conditions set out in VATA 94 Sch1 para 2(2) are not met. The separation is not artificial, so there is no further action to take.

Previous page

Next page