

Vehicle Registration Tax

Manual Section 4

Authorisations and Debt Management

This document should be read in conjunction with Chapter IV of Part II of Finance Act 1992

Document last reviewed May 2023



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1 Introduction

Traders who intend to deal in unregistered and converted vehicles must be specifically authorised for that purpose by the Revenue Commissioners under the provisions of section 136, Finance Act, 1992. When a trader becomes an “authorised person” the statutory requirement to register the vehicle and pay VRT is suspended until the vehicle is disposed of, usually by sale. Accordingly, vehicles brought into the State, or following removal from Customs control following arrival in the State from a third country, must either enter the authorisation regime or be registered within the prescribed 30-daytime limit. Responsibility for the implementation and administration of the regime lies with the local Branch office. (For ease of reading, throughout this manual the term “authorised trader” is used instead of the legal term “authorised person”.)

2 Legislation

Primary: [Finance Act, 1992, section 136](#)

Secondary: [Vehicle Registration and Taxation Regulations, 1992, \(S.I. 318/92\)](#)

[Vehicle Registration and Taxation \(No. 2\) Regulations, 1992, \(S.I. 437/92\)](#)

[Vehicle Registration and Taxation Regulations, 1993, \(S.I. 252/93\)](#)

[Vehicle Registration and Taxation Regulations \(Amendment\) 2007 \(S.I. 576/07\)](#)

[Vehicle Registration and Taxation \(Amendment\) Regulation, 2010 \(S.I. 400/2010\)](#)

3 Categories of Activities

For the purposes of the authorisation regime, the categories of activities which comprise of dealing in unregistered vehicles are manufacturing, distributing, dealing in, storing (including traders involved with pre-delivery inspections, vehicle modifications and body-repair shops) and converting.

4 Eligibility Criteria

Persons who wish to become authorised by the Commissioners must:

- Intend to be actively engaged in a business referred to in 3 above at a premises occupied by the person and at which such business may legally be carried on,
- Be registered under section 65 of the Value-Added Tax Consolidation Act 2010 for the purpose of carrying on a business,
- Be the holder of a current tax clearance certificate issued in accordance with section 1095 of the Taxes Consolidation Act 1997 at the time of application for the authorisation,

- Be a sole trader, a partnership or a company registered with the Companies Registration Office, and
- If applicable, present a copy of the certificate of incorporation as issued by the Companies Registration Office.

5 Application Procedure

Application for authorisation must be made to the local Revenue office on form [VRT 1](#) in advance of any dealing in unregistered vehicles. Where there are multiple premises, the [supplementary form VRT 1A](#) provided for that purpose should be used. This form must be used for the ongoing notification of additional premises and changes to addresses.

6 Functions of the Local Revenue Office

6.1 Upkeep and Maintenance of the VRT Register of Authorised Traders

The Revenue Branch is responsible for managing the authorisation regime for their area. As part of this responsibility, a hard-copy file is to be maintained on each authorised trader compiled primarily from information provided by the trader and by the relevant local officer. A **“VRT Register of Authorised Persons”** is to be maintained locally and updated regularly from hard copy files and liaison with other Revenue offices.

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6.2 Processing of VRT Authorisation Applications/Issue of Authorisations

On receipt of an application the local office should:

- Record receipt of the application both locally and in CRS under each individual person's name (director, sole trader, partner etc.) and the company name,
- Check in CRS and the **VRT Register of Authorised Persons** maintained in the local area to see whether any previous application was received from the applicant,
- Check that the Tax Clearance Certificate is in order,
- Ensure that there is/are declaration/s from the applicant/s in respect of the legal suitability of the premises concerned, and
- Ensure that the name of the company exactly matches that specified on the company Certificate of Incorporation from the Companies Registration Office.

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Key factors in processing an application are the overall tax status, the business premises and the activity of the applicant. Local officers should carry out all necessary local checks to ensure that these are satisfactory before recommending an application.

It is suggested, for guidance purposes, that in determining whether a person is or intends to be **“actively engaged”** in the motor trade, that a turnover of €75,000 per annum (the threshold for mandatory VAT registration for the supply of goods) might be considered a reasonable cut-off point. Also, the premises must be “occupied” by the applicant, i.e. owned by the applicant or rented or leased by them under a legal contract or agreement. The premises must also be one “at which such business may be legally carried on”. This precludes “premises” such as front gardens/driveways or other places where the carrying on of the business is not permitted under the planning laws. The premises must be one from which it is legal to trade.

Prior to completing the report, the local officer should advise the applicant not to take any steps which would lead to him/her dealing in, or being in possession of, unregistered vehicles prior to an authorisation being issued.

On receipt of the completed report from the local officer, the local managers should satisfy themselves that all is in order and that nothing has been overlooked. If satisfied that the applicant has met all the eligibility criteria, a Trader Account Number (TAN) should be assigned (the TAN number is generated in CRS). A [Vehicle Registration Tax Trader Authorisation](#) should issue without delay along with the [“Terms of Authorisation under the Finance Act, 1992, as amended \(s.136\)”](#).

The authorising officer should arrange for the authorised trader’s business to be checked at the end of the first 12 months to ensure that the person is actively engaged in the business and that they are tax compliant in respect of their first year of trading.

6.3 Obligations on Authorised Traders

Because of the revenue risk attached to dealing in unregistered vehicles, a number of obligations are imposed by Revenue on authorised traders. The scope and extent of the obligations differ from one trader to another depending on the type of activity, the category of vehicle, and the number of vehicles involved. These obligations have been standardised in the document entitled [“Terms of Authorisation under the Finance Act, 1992, as amended \(s.136\)”](#).

This document should be given out with each authorisation issued. Compliance with these obligations is mandatory and in certain circumstances could form the basis of the revocation of an authorisation.

Authorised traders are required to keep all documents relating to the receipt and disposal of unregistered vehicles for a period of six years. In addition, a record of the receipt and disposal of each and every vehicle must also be kept, and periodic returns are required electronically or in hard copy on the periodic stock statement form [VRT 17](#).

6.4 Refusal of an Authorisation

Where an application is refused, the applicant should be advised in writing, clearly setting out the reason/s why the application has failed. The applicant should also be advised of their right to appeal this refusal under Section 145, Finance Act, 2001. The Commissioners may refuse to grant an authorisation where an applicant does not meet all of the eligibility criteria, for example where their tax affairs are not in order at the time of application.

However, because it involves legal and Constitutional rights, refusal of an authorisation is an administrative action classed as a quasi-judicial function which can only be exercised by the Commissioners or by a person specifically authorised by them under legislation for that purpose (section 144A, Finance Act, 2001). In a case where it is decided that the application should be refused, the authorised senior officer (Assistant Principal) may refuse the application.

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6.5 Revocation of an Authorisation

The revocation of an authorisation is provided for in section 136(3), Finance Act, 1992. The Commissioners may revoke an authorisation where an authorised trader:

- Ceases to be actively engaged in the business at the approved premises or such business has not, within a reasonable period, commenced,
- Fails to produce a current tax clearance certificate, issued in accordance with section 1095 of the Taxes Consolidation Act, 1997, if requested to do so by the Commissioners, or
- Does not keep records relating to the business as prescribed by the Commissioners in S.I. 318 of 1992 Regulation 17.

This list is not exhaustive and an authorisation may also be revoked for causes not specified individually in the regulations, e.g. non-suitability of premises, VAT de-registration etc. Where revocation is being considered for these unspecified causes, a further reasonable period of notice must be given so that the person has the opportunity to regularise the situation before the revocation takes place (see next section below).

6.6 Use of Revocation Facility

Revocation of an authorisation may have serious consequences for a motor trader because they will no longer be legally **“authorised”** to deal in unregistered vehicles. Given that the revocation can effectively mean that the person must cease their business in unregistered vehicles or continue to trade illegally, revocation of an authorisation should therefore be seen as an action of last resort.

Authorisations should only be revoked in cases where there is a serious and ongoing breach of the conditions for authorisation and after the person has had the opportunity to rectify the defects in their operations.

Before an authorisation is revoked the holder of the authorisation should be informed by the local Revenue office of the intention to revoke the authorisation and the grounds for so proposing. The officer issuing the letter should also inform the holder that if the reasons for the proposed revocation are not addressed and rectified, the revocation will be processed:

- Within 3 weeks in the case of reasons specified in Regulation 14, Statutory Instrument No. 318 of 1992 (authorisation holders will already be aware of these specific conditions), or
- Within 3 months in the case of non-specified reasons, e.g. absence of planning permission.

Where an existing authorisation is being revoked the authorised Officer should advise the applicant concerned in writing, clearly stating the reason(s) why the authorisation has been revoked. The person concerned should also be advised of the right to appeal the revocation.

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6.7 Authorised Officers

Refusals of applications and revocations of existing authorisations may only be carried out by officers authorised in writing by the Commissioners for that purpose.

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6.8 Cancellation of an Authorisation

Where the holder of an authorisation wishes to have the authorisation cancelled, a written request to that effect is **always** to be obtained. Upon receipt of the written request the local officer should cancel the TAN immediately on CRS.

7 VRT Debt Management

VRT Debt Management refers to the recovery process initiated where there is a failure on the part of an authorised trader to pay VRT, either in full or in part, at the time of registration. It generally arises where the concessionary Revenue practice of accepting payment by unsecured personal/business cheque breaks down and the cheque is returned as unpaid to Revenue.

8 VRT Debt Management Procedure

8.1 NCT Registrations

Only authorised traders are allowed to present cheques for payment of VRT at the time of vehicle registration at an NCT Centre. When a cheque is returned unpaid by a bank, a notification is sent immediately to the VRT Policy & Legislation Branch, Dublin Castle. The VRT P&L Branch has procedures in place to ensure that cheques from that trader are not accepted until the matter is resolved. At times it may be necessary for the local Branch to follow up on unpaid cheques and the VRT P&L Branch will contact the Branch as appropriate.

8.2 Other Cheques

Where an unsecured business cheque (for example, for a top-up) is returned unpaid by a bank to the Office of the Collector General, the payment will be deleted from the trader's record on ITS. A "work item" will be posted on the system to the workgroup where the payment was processed in ITS.

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