

# **Procurement of goods and services by the State, local authorities and bodies established by statute**

Document last updated May 2017

## **1. Introduction**

The purpose of this document is to set out the circumstances in which the State, a local authority and a body established by any enactment is required to register and "self account" for the VAT due on goods or services procured by it. In other situations the supplier will be the accountable person, liable to charge VAT to the procuring body.

## **2. Scope of the term a Department of State, a local authority and a body established by any enactment**

The term a Department of State, a local authority and a body established by any enactment is broad ranging and includes Government Departments, An Garda Síochána, the Defence Forces, local authorities including regional authorities and harbour authorities, the Health Services Executive, State sponsored bodies, public hospitals, enterprise boards and educational establishments, such as, Universities, Institutes of Technology, Education and Training Boards and schools. For ease of reference in this leaflet these are collectively referred to as public bodies.

## **3. Circumstances where a public body is obliged to register for VAT with effect from 1/7/2010**

3.1 A public body is obliged to register and account for VAT in the following circumstances:-

- where it acquires, or is likely to acquire, more than €41,000 worth of goods from other EU Member States (intra-Community acquisitions).
- where it is in receipt of a good which is supplied and installed/assembled (other than as a fixture) by a non-established supplier.
- where it is in receipt, as a principal contractor, of construction services supplied by a sub-contractor. (See VAT Information on 'Reverse Charge Construction');
- Where it makes supplies of taxable goods and services whose value exceeds the registration threshold.

A public body that has been allocated a VAT number is required to provide its VAT number to service providers not established in Ireland. A public body that receives services from a service provider not established in Ireland and has not yet been allocated a VAT number must register for VAT and account for VAT on services received from that supplier.

Where, exceptionally, a public body is required to register and account for VAT on supplies of taxable goods or services it will be entitled to a VAT credit in their return for VAT incurred on related inputs.

#### **4. Intra-Community acquisitions of goods**

A public body which is not registered for VAT must register if it acquires or is likely to acquire more than €41,000 worth of goods from other EU Member States in any continuous period of twelve months. A public body that is registered for VAT, including in the circumstances of the previous sentence, is obliged to account for VAT at the appropriate rate in respect its acquisitions of goods from suppliers in other EU Member States. The public body should furnish details of its Irish VAT number to the supplier in the other Member State who will then apply a zero rate of VAT to the intra-Community supplies to the public body. The public body must then self-account for Irish VAT on the intra-Community acquisition of the goods in its VAT return for the taxable period in which it acquires the goods.

#### **5. Importation of goods**

Goods imported by a public body from outside the European Union are subject to VAT at the point of entry, at the appropriate Irish VAT rate.

It should be noted however that VAT due on importations of goods by parcel post will not be payable at the time of importation where the value of each such consignment is €260 or less. The body importing the goods should ensure that its VAT number is quoted on the customs declaration form or Green Label on the packaging. A public body must self-account for VAT on such importations in box T1 of its VAT return for the taxable period in which it acquires the goods.

#### **6. Invoices**

A trader supplying taxable goods or services to a public body is obliged to issue a VAT invoice. Likewise a trader is obliged to issue a VAT credit note or VAT debit note to a public body where the appropriate circumstances arise. For received construction services see VAT information on Reverse Charge Construction.

VAT becomes due on the 15th day of the month following that during which the intra-Community acquisition of goods or the receipt of services takes place. The VAT rate applicable is the Irish VAT rate that applies to the supply of the same goods or services in Ireland. (The intra-Community acquisition of certain works of art, collectors' items and antiques is an exception.) VAT is generally chargeable on the invoiced amount in the case of goods and services from suppliers in other EU Member States and VAT is chargeable on the invoiced amount plus insurance and freight charges in the case of imports.

## **7. Rate of VAT**

Public Procurement Guidelines require a public body to assess tenders for the supply of goods or services on a VAT-exclusive basis. Assessing tenders on a VAT-exclusive basis ensures that all tenders are assessed uniformly regardless of where the tenderer is located.

The correct rate of VAT appropriate to most supplies of goods or services can be ascertained by consulting the VAT Rates database.

## **8. Rate of exchange**

A public body that acquires goods or services from an EU Member State which is not part of the EURO zone should use the rate of exchange applicable when the tax becomes due, which is normally on the fifteenth day of the month following the acquisition. The rate of exchange can be, however, as with imports from outside the EU which are expressed in a foreign currency, determined on a calendar month basis under the monthly rates of exchange system for customs valuation purposes.

## **9. Entitlement to recover VAT**

A public body that is registered for VAT solely in respect of accounting for VAT on received goods or services is not entitled to recover the VAT incurred on such goods or services.

Where, exceptionally a public body is required to register and account for VAT on supplies of taxable goods or services made by it, it will be entitled to a VAT credit in its return for VAT incurred on related inputs.

## **10. VAT Number**

A VAT number will be issued to a public body where the circumstances described above apply. The public body should apply to its local Revenue District for a VAT number. The public body should account for VAT due under this VAT reference number. A Nil return should be made for any taxable period in which there is no VAT to be accounted for. A public body may apply to have its local Revenue District to have its VAT number cancelled where it ceases to acquire non-Irish goods or services.

## **11. Intrastat**

A public body which acquires more than €500,000 worth of goods per annum from other Member States is required to make a monthly statistical return in respect of these acquisitions. Details of this requirement are contained in the VIES and INTRASTAT Traders Manual.