

Procedure for cancelling a VAT registration where a business cannot be traced

Document last updated March 2021

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1 Summary

A valid VAT number allows an accountable person to charge VAT on the supply of goods or services to other accountable persons, and those other accountable persons are entitled to a deduction for the VAT charged. The system relies on the first accountable person remitting the VAT which has been charged to those other accountable persons to Revenue.

VAT fraud occurs in and across all EU Member States and is frequently enabled by abuse of the Intra-Community VAT system. The Exchequer will be defrauded in circumstances where:

- The VAT charged by the accountable person is not paid to Revenue and the accountable person simply disappears – **Acquisition/Missing Trader Fraud**
- The accountable person acquires goods from VAT registered traders in other Member States VAT-free by quoting their VAT number, does not self-account for the VAT on the goods in Ireland, supplies the goods domestically to other accountable persons showing VAT on the invoices (which may subsequently be claimed as input credits) and then disappears without remitting the VAT on supplies – **Carousel Fraud/Missing Trader Intra-Community (MTIC) Fraud**.

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[...]

Many other variations and elaborations of the above models also exist. In all circumstances where the accountable person has no intention of self-accounting for the VAT on intra-Community acquisitions (ICAs) and/or remitting the VAT on supplies of the goods acquired as ICAs, then that accountable person is undermining legitimate business.

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[...]

Possession of a live VAT number is a key element in facilitating these frauds. Thorough screening of applicants at Registration stage is a critical step in the identification of potential fraud cases. However, despite even the strongest vigilance at registration stage, some rogue registrations may get through the system, or

existing VAT numbers may be hijacked by fraudsters for the purpose of committing fraud.

The effective tackling of VAT fraud is an organisational priority and, in certain circumstances, this will involve compulsory cancellation of a VAT registration number in order to protect the Exchequer from loss. This Instruction describes the procedure for the cancellation of a VAT registration number in circumstances where there is no evidence of current or previous trading activity by a VAT-registered business.

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2 Cancellation of a VAT number

Current legislation (**Summarised in Appendix 2**) provides for the cancellation of a VAT number in circumstances where:

- The person does not become an accountable person or ceases to be an accountable person.
- There is objective evidence that an accountable person is no longer trading or has never traded.

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[...]

Appendix 2:

Current legislation

VAT Directive: Articles 213 – 216 of the VAT Directive deal with identification of taxable persons.

1. Article 213 requires the taxable person to state when his taxable activity commences changes or ceases.
2. Article 214 requires Member States to ensure that various taxable persons are identified by an individual number.
3. Article 216 requires Member States to ensure that their identification systems enable taxable persons to be identified for the purposes of correct taxation of intra-Community transactions.

VATCA 2010: Section 65 deals with Registration and provides that:

1. Revenue shall set up and maintain a register of persons who are, or who may become accountable persons
2. Revenue shall assign a registration number to each accountable person
3. Revenue may cancel the registration number of a person where that person does not become or ceases to be an accountable person
4. Every accountable person is obliged to advise Revenue of the particulars for registration (as specified in Regulations) within 30 days of becoming an accountable person.

VAT Regulations 2010: Regulation 19

Requires the accountable person to:

1. Complete the relevant registration form
2. Notify Revenue of any changes to registration details
3. Notify Revenue if he ceases to supply taxable goods or services or to make intra-Community acquisitions

Allows Revenue, by notice in writing, to cancel the registration of a person

1. Who does not become an accountable person or
2. Who ceases to be an accountable person.

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