

## Sale of Live Animals by Auction (Mart)

This guidance should be read in conjunction with sections 2, 4, 19(1)(b), 22(1), 68 and 86 of the VAT Consolidation Act 2010, as amended (VATCA) and with regulation 22 of the VAT Regulations 2010

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## Introduction

This guidance deals with the application of VAT to sales of live animals by auction. It relates to sales by VAT registered persons and by farmers who are not registered for VAT ("flat-rate farmers").

The rate of VAT and the flat-rate addition used in the examples hereunder are those applying at a point in time and you should therefore check the [Revenue website](#) to ensure that you are applying the appropriate rate of VAT or flat-rate addition to a specific transaction.

## 1 Supply of goods by auction

Where a supply of movable goods (including agricultural produce) takes place by way of auction, there is deemed, for the purpose of VAT, to be simultaneous supplies of those goods by the supplier to the auctioneer and then by the auctioneer to the purchaser. Each of these supplies must be dealt with as a distinct transaction for the purposes of VAT.

The deeming provision, outlined above, means that the auctioneer, in facilitating the supply of goods between the supplier and the purchaser, is not considered to be providing a service to either the supplier or the purchaser. However, where a commission is payable by the supplier to the auctioneer in respect of the deemed supply of goods to the auctioneer, or by the purchaser to the auctioneer in respect of the deemed supply of goods by the auctioneer to the purchaser, the commission payable will be taken into account in determining the amount on which VAT is chargeable for those supplies. (See paragraphs 3 and 4 for more detail.)

## 2 VAT registered persons

VAT registered persons (including VAT registered farmers) are required to charge VAT on supplies of goods at the rate appropriate to the individual supply.

A specific low rate of VAT (the "[livestock rate](#)") applies to supplies of:

- cattle, sheep, goats, pigs and deer, and
- horses normally intended for use in the preparation of foodstuffs or in agricultural production.

VAT at the reduced rate is charged on supplies of horses not normally intended for use in the preparation of foodstuffs or in agricultural production. Further guidance in relation to "[live horses and greyhounds](#)" is available on the Revenue website.

It should also be noted that where the deemed supply of goods by an auctioneer constitutes an Intra-community supply or an export, the zero rate of VAT may be applied to the supply, subject to relevant conditions being satisfied.

### 3 Flat-rate farmers

Where a person carrying on an agricultural production activity in the State, who is not registered for VAT (a “flat-rate farmer”), makes a supply of agricultural produce, those goods will not be chargeable to VAT. However, where the flat-rate farmer supplies those goods to an accountable person, that farmer will receive a “flat-rate addition” from the purchaser in addition to the purchase price payable.

Agricultural produce, for the purposes of the flat-rate scheme for farmers, are those goods produced from the carrying out of agricultural production activities as listed in Schedule 4 of the VAT Consolidation ACT 2010 (VATCA). In general, these comprise of:

- crop production (such as general agricultural crops, fruit, mushrooms, flowers/nurseries)
- stock farming together with cultivation (general livestock including horses, poultry, rabbit, beekeeping, silkworms and snails)
- forestry, and
- fishery (fresh-water fishing, fish farming, the breeding of molluscs and crustaceans and frog farming).

More detailed information regarding the flat-rate scheme for farmers is available on the [Revenue website](#).

### 4 Supply by the auctioneer (mart) to the purchaser

Where a person acquires livestock through an auctioneer, they will be deemed, for the purposes of VAT to have received a supply of that livestock from the auctioneer. The amount on which VAT is chargeable to the purchaser by the auctioneer for that deemed supply is the total amount payable by the purchaser to the auctioneer in respect of the transaction. This is normally the bid price for that livestock. However, if in addition to the bid price, the purchaser is required to pay a separate commission to the auctioneer in respect of the supply, the amount of that commission is also deemed to be part of the amount payable to the auctioneer for the livestock. Where, as is likely, the auctioneer is an accountable person, the total amount payable to the auctioneer by the purchaser will be inclusive of VAT. The auctioneer will issue a VAT invoice to the purchaser to reflect the details of this deemed supply.

**Example 1**

Where the total amount payable by the purchaser to the auctioneer for livestock is €1,000, that amount will include VAT at the livestock rate of 4.8%, calculated as follows:

€1,000/104.8% x 4.8%	€45.80
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The invoice issued by the auctioneer to the purchaser will include the following details:

Payment net of VAT (€1,000 - €45.80)	€954.20
Rate of VAT on livestock	4.8%
VAT payable	€45.80
Gross payment	€1,000

Where the purchaser is a VAT registered person, they will be entitled to deduct the VAT included on the invoice, subject to normal deductibility rules.

**5 Sale by a flat-rate farmer to the auctioneer (mart)**

Where a flat-rate farmer supplies livestock through an auctioneer, they will be deemed, for the purposes of VAT to have made a supply of that livestock to the auctioneer. The amount payable by an auctioneer for the deemed purchase of the livestock is the amount, net of VAT, received from the purchaser less any commission the auctioneer is entitled to receive from the farmer who is supplying the livestock.

That farmer will also, however, be entitled to receive payment of the flat-rate addition, from a VAT registered auctioneer.

**Example 2**

Using the figures from Example 1 above.

Net payment receivable by the auctioneer from the purchaser	€954.20
Less commission payable by the flat-rate farmer	€20
Amount payable by the auctioneer to the flat-rate farmer	€934.20

The auctioneer is also required to pay the flat-rate addition to the farmer. This is calculated by applying the flat-rate to the amount payable to the farmer.

Amount payable by the auctioneer to the flat-rate farmer	€934.20
Rate of flat-rate addition	5.1% <sup>1</sup>

Flat-rate addition	€47.64
Total amount payable to the flat-rate farmer	€981.84

The auctioneer will issue a [settlement voucher](#) to the flat-rate farmer to reflect these figures. This is done to comply with statutory invoicing requirements in relation to the transaction. The auctioneer is entitled to reclaim the amount of the flat-rate addition, paid to the farmer, in their VAT return.

## 6 Sale by a VAT registered farmer to the auctioneer (mart)

Where the farmer making a deemed sale of “livestock” to an auctioneer, as outlined above, is registered for VAT, VAT at the rate applying to “livestock” should be charged to the auctioneer.

### Example 3

Using the figures in the above examples.

Amount payable by the auctioneer to the farmer net of VAT	€934.20
The current rate of VAT on livestock	4.8%
Vat applicable to the sale	€44.84
Total amount payable to the farmer	€979.04

The VAT registered farmer should issue an invoice to the auctioneer which includes these figures. The auctioneer will be entitled to deduct the VAT included on the invoice, subject to normal deductibility rules.

In these circumstances, VAT should be applied on the deemed sale of the “livestock” by the auctioneer to the purchaser, as outlined in example 1 above.

## 7 Importation of horses for sale at auction

The following paragraphs should be read in conjunction with Revenue Customs publications on [postponed accounting](#) and [temporary importation of horses](#).

### 7.1 Importing live horses

Where a person imports a live horse into the State, VAT is payable on import at the rate appropriate to that horse. Where the horse has been imported by a VAT registered person for sale at auction, the VAT payable on import can be accounted

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<sup>1</sup> The flat-rate addition used in the examples are those applying at a point in time and you should therefore check the [Revenue website](#) to ensure that you are applying the appropriate percentage of the flat-rate addition to a specific transaction.

for under the postponed accounting provisions and the VAT accounted for in this manner can be reclaimed by that person, subject to normal deductibility rules.

## 7.2 Non-established traders

Where a horse is imported into the State for sale at auction by a person who while acting in the course of business does not have a business establishment in the State, the auctioneer may, by arrangement with Customs officers, take responsibility for the VAT payable on import. Where responsibility for this liability is taken by the auctioneer, Revenue will not insist on the non-established trader registering and accounting for VAT in the State in respect of the deemed supply of the horse to the auctioneer. In these circumstances, the auctioneer must account for VAT payable on importation of the horse as it becomes due. This may be done under the postponed accounting system or otherwise by agreement with Customs. In either case the auctioneer is allowed to claim a deduction for that VAT. The auctioneer should retain enough records of the transaction to demonstrate that the import of the horse was in the course of the importer's business.

Where, in the circumstances outlined above, the auctioneer does not choose to take responsibility for the import VAT payable, the non-established trader must register for VAT in the State in respect of the deemed supply of the horse to the auctioneer and the payment of import VAT as appropriate.

## 8 Horses sold for dispatch outside the State

Where a horse is sold at auction and is to be dispatched to a VAT registered person in another Member State or to a person in a country which is outside the EU, the sale can be zero rated as either an intra-Community supply or an export. The conditions under which the zero rate of VAT can be applied to the sale include the retention of evidence, by the auctioneer, that the goods have been dispatched to the stated destination.