



## Group VAT Registration

VAT grouping occurs where two or more companies or limited liability partnerships are treated as a single taxable “person” for VAT purposes. A VAT group is treated in the same way as a single company registered for VAT on its own.

In general, the members of the group each have to have an establishment in the UK and be under common control. There are special conditions for VAT groups with an annual turnover of more than £10 million.

**Advantages** of group registration are:

- The representative member accounts for any tax due on supplies made by the group to third parties outside the group. This can be helpful where accounting is centralised.
- The group is treated as a single taxable person and therefore it is not normally necessary to account for VAT on goods or services supplied between group members.
- There is one single VAT return for the whole group.

**Disadvantages** are:

- Although the representative member is nominally liable for transactions with third parties, all group members are jointly and severally liable for debts, including the tax due.
- Limits for areas such as cash accounting, annual accounting, voluntary disclosure, partial exemption *de minimis* and payments on account apply to the group as a whole and not the members individually.
- A new VAT registration number will be required for the group.

As with most other areas of the tax system, VAT Groups are subject to detailed anti-avoidance provisions.

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