

## VAT registration process revamped

HM Revenue and Customs (HMRC) has revamped its VAT registration process, prioritising digital applications for businesses and agents. Starting from 13 November, this change aims to streamline the registration procedure, making it quicker, easier, and more secure.



HMRC is urging businesses and agents to embrace the digital approach for VAT registration. Unless they fall under the category of digital exclusion or face difficulties with the online service, all applicants must now register for VAT online. The traditional paper-based VAT1 form is being phased out, with HMRC citing that over 95 per cent of businesses and agents already prefer the online VAT registration process.

The move towards digital registration is justified by the HMRC for several reasons. The tax authority aims to offer a “quicker, easier, and more secure” registration service, which is expected to benefit the majority of customers. Going digital allows businesses and agents to access information at their convenience, making the process more flexible.

However, not all businesses and applicants can smoothly transition to the online system. Certain categories of businesses, such as those applying for registration exceptions,

agricultural flat rate schemes and online partnerships, will need to follow a different process.

Additionally, digitally excluded taxpayers and businesses unable to use the online service will need to contact the VAT helpline and request a VAT1 form. HMRC may require an explanation for opting for the paper route.

One challenge that has emerged with this transition is the necessity for a Unique Taxpayer Reference (UTR). Applicants are unable to use the online VAT registration service without a UTR, which has raised concerns for various entities, including charities, FE colleges, academies, LLPs, JVs, and overseas companies. The absence of a UTR can disrupt the online application process, potentially leading to delays.

This transition aligns with HMRC's broader ambition to provide greater digital options and modernise its tax services. Although there have been challenges along the way, including the abrupt closure of the VAT registration helpline, HMRC remains committed to its 'Making Tax Digital' transformation.



If you or your business need any help with the transition, please contact your accountant.

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