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## Navigating VAT Registration: 5 Essential Facts

Navigating VAT registration can be a complex task for business owners and startups in the UK. As of 2024, the VAT threshold stands at £90,000. If your taxable turnover exceeds this amount, you must register for VAT. Here's a brief guide to help you understand the basics.

### 1. Understanding VAT Registration

VAT, or Value Added Tax, is a tax on the value added to most goods and services. Businesses that exceed the VAT threshold must charge VAT on their products or services, record the VAT on their purchases, then send updates to HMRC to confirm their VAT input and output.

### 2. When to Register for VAT

You must register for VAT if your taxable turnover exceeds £90,000 within a 12-month period. You can also voluntarily register if your turnover is below this threshold, which can be beneficial for reclaiming VAT on business purchases. You do not need to include in this total any sales that where for goods or services that are VAT exempt, such as children's clothes or fruit and vegetables [VAT rates on different goods and services - GOV.UK \(www.gov.uk\)](#)

### 3. How to Register for VAT

Registering for VAT can be done online through the HMRC website. You'll need to provide details about your business and its financials. Once registered, you'll receive a VAT registration number and information about how to manage your VAT account.

### 4. Benefits of VAT Registration

- **Reclaim VAT:** Registered businesses can reclaim VAT on purchases, potentially reducing costs.
- **Enhanced Credibility:** Being VAT registered can enhance your business's credibility with suppliers and customers.
- **Avoid Penalties:** Registering on time helps you avoid penalties from HMRC.

### 5. Managing VAT

After registering, it's crucial to maintain accurate records of your sales and purchases. Regularly file your VAT returns, which will occur quarterly. You will also need to utilise a HMRC registered webtool or bridging software, to submit these quarterly and end of year reports. Tools like accounting software could help streamline this process.

### How PeoplePlus Can Support You

Navigating business finances can be daunting, but you don't have to do it alone. At PeoplePlus, our dedicated team of experienced advisors can provide training, webinars, and one-on-one coaching to help you understand and manage many aspects of your business finances. Contact us today to find out how we can support your business start-up and growth.

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