Determination of time of registration obligation

(Reaching supply of 40,000 euros)

If a self-employed person's taxable supply did not exceed 200,000 euros in the previous calendar year or as of the beginning of the current calendar year, he/she can choose (voluntary) whether to act on keeping accounting for taxation purposes according to the general procedure for VAT accounting provided for in the VAT Act (accrual based VAT accounting) or according to the special arrangement set out in **§ 44 of the VAT Act** (cash based VAT accounting).

If the limit mentioned above (200,000 euros) was exceeded during the previous calendar year or at the beginning of the current calendar year, the VAT accounting is to be kept according to the general procedure.

On calculation of the limit of taxable supply, the self-employed person may choose whether to act according to the general procedure provided for in the VAT Act or to the special arrangement provided for in § 44 of the VAT Act.

According to the general procedure, the time of creation of supply is deemed to be the date on which the first of one of the following acts is performed:

- ✓ the goods are dispatched (the services are provided) to the purchaser or
- ✓ money is received for the goods (services).

According to **the special arrangement** the time of supply is deemed to be the date on which the money was received for the goods (services). A self-employed person who applies the special arrangement has to keep records of the registration obligation threshold on the cash basis as well.

Example 1

The goods were dispatched (services were provided) earlier than the money was received.

Invoice 1	January 20	9,835 euros	Payment on 17 February	in the amount of 9,835 euros
Invoice 2	February 10	11,113 euros	Payment on 1 March	in the amount of 11,113 euros

Invoice 3	March 14	9,835 euros	Payment on 20 April	in the amount of 9,835 euros
Invoice 4	April 10	9,835 euros	Payment on 26 May	in the amount of 9,835 euros
		In total: 40,618 euros		

Upon keeping the accounting pursuant to the general procedure, the supply exceeded 40,000 euros on 10 April, and pursuant to the receipt of the money or upon keeping the cash accounting, the supply exceeded 40,000 euros on 26 May. In both cases the self-employed person is required to submit the application for registration as a person liable to value added tax within three working days at the latest. The self-employed person is required to add value added tax on all invoices of the same day (in the example, 10 April or 26 May).

Example 2

The goods were dispatched (services were provided) at the same time when the money was received (for example, in the case of retail business). The payment was made in cash for the goods or services as follows:

January	3,678 euros	
February	3,551 euros	from the beginning of the year 7,229 euros
March	4,317 euros	from the beginning of the year 11,546 euros
Aprill	4,317 euros	from the beginning of the year 15,863 euros
Mai	4,637 euros	from the beginning of the year 20,500 euros
Juuni	4,317 euros	from the beginning of the year 24,817 euros

Juuli	3,998 euros	from the beginning of the year 28,815 euros
August	3,998 euros	from the beginning of the year 32,813 euros
September	4,307 euros	from the beginning of the year 37,120 euros
1 October 2 October 3 October 4 October	696 euros 728 euros 696 euros 765 euros	**In total: 40,005 euros**

Both in the case of the general procedure and in the case of the cash accounting, the supply exceeded 40,000 euros on 4 October.
The self-employed person is required to submit the application for registration as a person liable to VAT within three working days at the latest. The self-employed person is required to add VAT on all invoices of the same day (e.g. 4 October).

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