An Roinn Forbartha
Tuaithe agus Pobail
Department of Rural and
Community Development

Circular No: **06 /2019**

From: **LEADER Unit**

To: **All LAGs and Implementing Partners**

Date Issued: **09/05/2019**

Subject: Confirmation of a Project Promoter's VAT Status

This Circular updates Sections 12.2 and 14.3 of the LEADER 2014 – 2020 Operating Rules in respect of the confirmation of the project promoter's VAT status.

A number of LAGs and Implementing Partners have highlighted the time and resources required to obtain VAT status confirmation letters from Revenue. As a result of the associated burden on project promoters the period of validity of the project promoter's VAT status by confirmation letter from Revenue, is increased from the current 3 months to **12 months**.

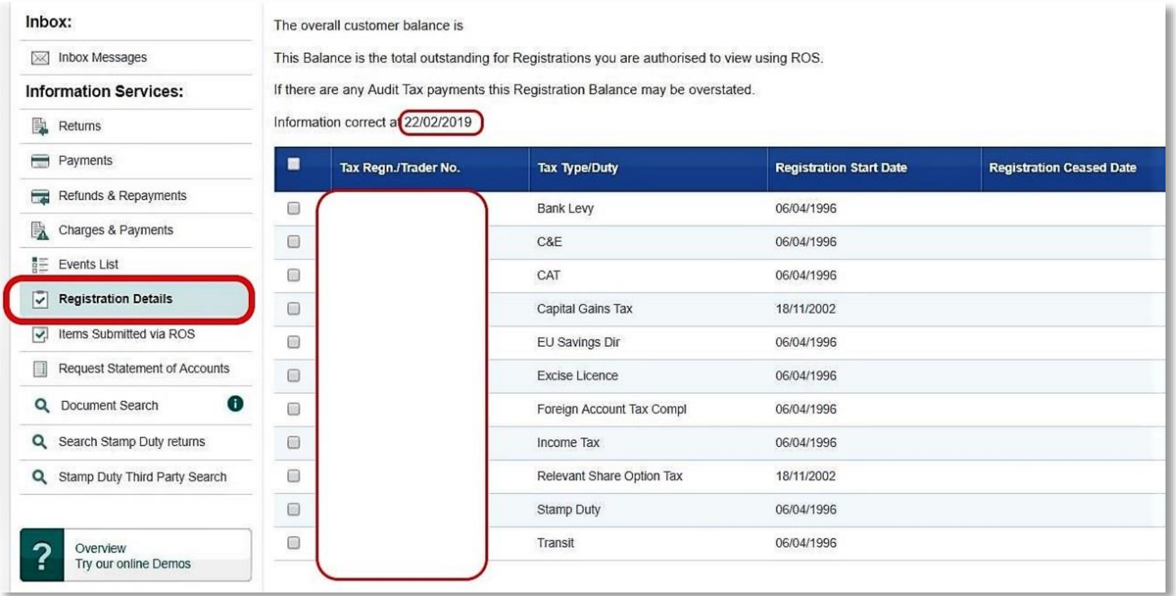
It should be noted that where a VAT letter from Revenue is not being used, the printout from the Revenue Online Service (ROS) must be printed at **each claim stage.**

The different options for providing confirmation of a promoter's VAT status are explained in more detail below.

1. Where the project promoter has access to the Revenue Online Service (ROS)

The project promoter may confirm their VAT registration status by logging onto ROS and clicking on the Registration Details in the left hand menu. By following this process the project promoter's tax registration details under various taxheads and registration dates will be displayed similar to the image below:

Government Buildings, Sráid an tSrutháin, Béal an Átha, Co Mhaigh Eo, F26 E8N6
Government Buildings, Brook Street, Ballina, Co Mayo, F26 E8N6
T +353 (0) 76 106 4900 | www.drcd.gov.ie



Inbox:

- Inbox Messages

Information Services:

- Returns
- Payments
- Refunds & Repayments
- Charges & Payments
- Events List
- Registration Details
- Items Submitted via ROS
- Request Statement of Accounts
- Document Search
- Search Stamp Duty returns
- Stamp Duty Third Party Search

Overview
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The overall customer balance is

This Balance is the total outstanding for Registrations you are authorised to view using ROS.

If there are any Audit Tax payments this Registration Balance may be overstated.

Information correct a 22/02/2019

	Tax Regn./Trader No.	Tax Type/Duty	Registration Start Date	Registration Ceased Date
		Bank Levy	06/04/1996	
		C&E	06/04/1996	
		CAT	06/04/1996	
		Capital Gains Tax	18/11/2002	
		EU Savings Dir	06/04/1996	
		Excise Licence	06/04/1996	
		Foreign Account Tax Compl	06/04/1996	
		Income Tax	06/04/1996	
		Relevant Share Option Tax	18/11/2002	
		Stamp Duty	06/04/1996	
		Transit	06/04/1996	

The absence of VAT registration details in the Tax Regn/Trader No. and Type/Duty column confirms that the project promoter is currently not registered for VAT. If the project promoter was previously registered and subsequently cancelled their VAT registration, the related dates will appear in the Registration Start Date and Registration Ceased Date columns.

The ROS registration page shows an ‘Information Correct at’ date (see image above), which confirms the project promoter’s registration details at that point in time. A printout of the related ROS page must be date stamped upon receipt by the LAG, placed on the hard copy file and uploaded to the CRM repository for each claim.

Note - the ROS registration page also shows the project promoter’s overall tax balance; the project promoter should be advised that they may redact this detail.

2. <u>Where the project promoter is not registered on ROS</u>

A letter from Revenue confirming that they are not registered for VAT can be provided by the project promoter at Application Stage and again at Claim Stage(s) where it has expired. This letter will remain valid for a period of **12 months** from the date of issue by Revenue.

3. Other letter from Revenue concerning VAT

It should be noted that where Revenue issues a letter confirming that a project promoter is VAT registered solely in respect of certain activities, but is not entitled to VAT input credits on other activities, the project promoter is entitled to apply for LEADER funding of the project VAT cost element in respect of which they are not VAT registered. Such letters will be valid for a period of 12 months from date of issue by Revenue.

Amended Section 14.3 of the LEADER 2014 – 2020 Operating Rules showing changes in red and strikethrough.

14.3 Tax Compliance VAT

The default position is that all promoters are registered for VAT. In such circumstances VAT is not an eligible cost; non-recoverable VAT borne by promoters may be eligible. The LAG must obtain written confirmation from the Revenue Commissioners (provided by the promoter) that the promoter is not registered for VAT at the time of application and before each payment is made. This can be done by either: (1) Revenue letter or (2) Revenue Online Service (ROS) profile page printout.

(1) As per Section 12.2, where funding is to be paid in respect of non-recoverable VAT, written confirmation from Revenue must be provided which should be dated no more than ~~3~~ 12 months prior to their claim coming in - i.e. VAT letters will be considered valid for ~~3~~ 12 months from the date of issue.

(2) In cases where the promoter is a registered ROS (Revenue Online Service) customer, the taxpayer profile will either show a VAT registration, or not. The absence of a VAT profile confirms the non-VAT registration of the customer by default.

The ROS profile page may be printed off at each claim application stage ~~with the date of printing from ROS clearly provided on the bottom of the page~~ (a printout of the related ROS page must be date stamped upon receipt by the LAG, placed on the hard copy file and uploaded to the CRM repository).

~~This will remove the requirement to obtain a Revenue VAT status letter in many cases. In all other cases where a beneficiary is not VAT registered,~~

~~and is not a ROS customer, a Revenue VAT status letter must be provided for each project claim.~~

In the case of a promoter who when approved grant aid was not registered for VAT so that the grant was calculated VAT inclusive, subsequently registers for VAT, the following process will apply -

- invoices dated pre the date of effective VAT registration should be claimed on the VAT inclusive basis, as originally intended.

- invoices dated on or after the date of effective VAT registration should be claimed on the VAT exclusive basis. The 'VAT element funded' stamp must not be put on the latter invoices.

- The Revenue letter confirming the date of effective VAT registration should be uploaded to the repository and hard copy placed on the project file, for audit trail purposes.

- As a direct result of registration for VAT, the resulting unclaimed LEADER grant amount must be de-committed – the LEADER IT System is being updated to cater for such de-commitments.

Section 12.2 of the LEADER 2014 – 2020 Operating Rules showing amendments in red and strikethrough

12.2 Grant Payment Claim

The LAG must process all grant payment claims through the LEADER ICT System. All claim documentation must be retained on the Project file and entered on the LEADER ICT System and must be approved by the Authorised Officer prior to submission for the Article 48 Check. At claim payment stage the LAG must ensure that –

- the project or the funded element or phase of the project has been completed (through a site visit where appropriate);

- there are signed and dated funding offers and contracts in place;

- there is a documented, signed and dated claim form from the promoter with the required supporting documentation, including *inter alia* original receipted invoices and the relevant bank statements (stamped as appropriate by the LAG – *See Section 12.1)*. See Appendix 2 for sample claim form;

- all payments have been made by the promoter for all goods or services received, installed, etc. and are available on site for inspection;

- where project promoters are required to pay for an item using a credit card e.g. online purchases, *but they do not have a credit card in their name*, the following steps must be adhered to:

  1. Credit card holder purchases the item.

  2. Receipted invoice is received.

  3. Promoter pays the credit card holder the relevant amount for the purchase. This should be traceable through bank statements etc.

The promoter must have paid for the goods/service in advance of its acquisition and subsequent claim for re-imbursement.

- any amended payment documentation has been duly endorsed (initialled and dated) by the LAG and the promoter;
- submitted invoices are sufficiently clear to allow identification of all items and quantities of goods and services provided and do not include general or unspecific references such as 'goods provided' or 'services provided';
- a schedule of invoices has been provided by the promoter;
- a 'LAG Summary of Grant payment Calculation Form' is completed (and details the accepted quotation amount for each part or element of the project);
- the claim clearly documents any contribution-in-kind and is accompanied by independent assessment *(See Section 10.5*);
- a bank certified copy of cashed cheques have been provided by the promoter, only where requested as part of an inspection or an audit;
- a site inspection has been carried out for capital investments and there is a completed written report of the inspection, verifying that works have been completed satisfactorily and are consistent with those approved by the LAG;
- where appropriate, a report or assessment of the project costs included in the claim for payment submitted by the promoter's engineer, architect, etc.;
- an architect's / engineer's (as appropriate) certificate of compliance with relevant planning, building and fire regulations, and other statutory regulations has been received;
- for Heritage Projects, confirmation from the designated expert that the project is in compliance with the Heritage Project Rules;

- certificates for voluntary labour independently certified by a suitably qualified person (e.g. engineer);
- the promoter's solvency has been confirmed;
- in respect of training, there is documentary evidence that the training course has been delivered (See Section 6.4 re. Training Requirements);
- there is documentary evidence of employers and public liability insurance for contractors and sub-contractors used by the promoter, and at final payment stage there is documentary evidence that the project is adequately insured by the promoter;
- there is documentary evidence on file that the LAG has confirmed that the promoter is tax compliant and that all suppliers paid by the promoter were tax compliant at the time of payment;
- where funding is to be paid in respect of non-recoverable VAT, either: (1) written confirmation from Revenue must be provided which should be dated no more than ~~3~~ 12 months prior to their claim coming in - i.e. VAT letters will be considered valid for ~~3~~ 12 months from the date of issue; or

  (2) where the promoter is a registered ROS (Revenue Online Service) customer, a printout of the taxpayer profile shows if they are VAT registered, or not (the absence of a VAT profile confirms the non-VAT registration of the customer by default).

- Article 48 administrative checks have been completed as per Section 17.

The LAG must ensure that documentary evidence of all of the above is retained on the project file.

Following each payment, the file should include a summary of the payment calculation together with a copy of the EFT showing payment of the grant to the promoter as soon as possible and within a maximum of 10 - 15 working days of receipt of funds by the LAG. Where this deadline is not met, there must be an explanation on file and evidence that the promoter has been notified of the reason.

These changes are effective from the date of this circular.

LEADER Policy & Operations Unit