

If you've realised you should have registered for VAT already, this guide explains the next steps and how we'll help you put things right.

VAT Last updated 17 December 2025

If you run a UK business and your taxable turnover has gone over £90,000 (the current VAT registration threshold), you are legally required to register for VAT. If you have only just realised you should have registered already, don't panic. This catches people out more often than you might think, and there are clear steps you can take to put things right with our support.

This guide explains when you should have registered, what to do next, and what the consequences may be so you know exactly where you stand.

1. First, check whether you really needed to register

You must register for VAT if either of the following applies:

Rolling 12-month turnover test

You must register if your taxable turnover exceeded £90,000 in any rolling 12-month period (not a calendar year or your accounting year).

- This includes standard-rated and zero-rated sales
- It excludes VAT-exempt and outside-the-scope income. This often includes services supplied to overseas businesses, but not zero-rated sales such as exports of goods.

The deadline to register is 30 days after the end of the month in which you exceeded the threshold. So, if you worked out that you breached the threshold on 1st May 2025, for example, the deadline to register would be/would have been 30th June 2025. If you've missed this deadline, don't worry. There are still clear steps you can take, which we cover below.

Future turnover test

You must also register if you expected your taxable turnover to exceed £90,000 in the next 30 days alone (often a sign that things are moving quickly). If either test applies and you did not register in time, HMRC will consider you to have registered late.

2. Work out your correct VAT registration date

This is a key step. HMRC will not simply register you from today.

- Your effective date of registration (EDR) is usually:
 - The first day of the second month after you exceeded £90,000 (for the rolling test), or
 - The date you realised your turnover would exceed £90,000 in the next 30 days (for the future test)

So using the above example of breaching the threshold on 1st May 2025, your effective date of registration would be 1st July 2025.

From this date, you are treated as being VAT-registered, even if you had no VAT number at the time. This sounds daunting, but it's something we deal with regularly even with voluntary registrations and we can guide you through the next steps.

3. Register for VAT as soon as possible

You should register online via your Government Gateway as soon as you realise the issue (we have a step-by-step guide on how to register [here](#)). If you're unsure what date to use (or with anything else), speak to us before submitting the application. When registering:

- Use the correct historical registration date, not today's date
- Be prepared for HMRC to ask questions or request records

Delaying registration further can increase penalties and interest, so acting quickly matters.

4. You may owe VAT on past sales

This is often the most painful part. We know this is usually the biggest worry clients have so it's important to understand your position clearly as soon as possible. If you should have been registered earlier:

- You are usually required to account for VAT on sales made since your EDR
- This applies even if you did not charge VAT to your customers at the time

In practice, this can mean the VAT comes out of your own pocket unless you can go back and reissue VAT invoices (which is not always commercially realistic). If you have good relationships with your clients/customers, they may be happy for you to issue VAT-only invoices to them (especially if they're VAT registered so they can reclaim the VAT you charge anyway), although this does create some additional admin.

5. You may be able to reclaim VAT on past costs

The good news that may cushion the blow is that you can often reclaim VAT incurred before registration which can significantly reduce the overall cost:

- Goods bought up to 4 years before registration (as long as you still own them)
- Services bought up to 6 months before registration

This can help offset some or all of the VAT you owe on past sales.

6. Penalties and interest (and how bad they really are)

HMRC may charge:

- A late registration penalty
- Interest on VAT paid late

The penalty is based on behaviour:

- Genuine mistake with prompt disclosure is usually treated leniently
- Deliberate delay is treated more harshly

In many real-world cases where the error was accidental, penalties are reduced or even waived, especially if you act quickly and cooperate with HMRC. Therefore, it's important to backdate your VAT registration as soon as possible as a way to minimise the penalties/interest. We can help you get this right and, where appropriate, support any discussions with HMRC.

7. Can you apply for an exception from registration?

In limited cases, you can apply for exception from VAT registration if:

- Your turnover only exceeded £90,000 temporarily, and
- You expect it to fall back below the deregistration threshold

HMRC does not grant exceptions automatically, and evidence is required, so this is not suitable for most growing businesses.

8. What to do next (practical checklist)

If you think you are in this position:

1. Calculate your rolling 12-month turnover accurately
2. Identify the correct effective date of registration
3. Register for VAT immediately
4. Gather records of sales and expenses since that date
5. Prepare and file the first VAT return. Once the bookkeeping in Mighty is up to date, we'll take care of this for you. We'll prepare the return, send it to you for approval, and only then file it with HMRC.

9. Get help early

Late VAT registration is stressful, but it is fixable, especially with our help. The earlier you deal with it, the more options you have, and the lower the cost is likely to be. You don't need to figure this out on your own.

If you are unsure whether you have crossed the threshold, or you have already done so and want help managing the registration, VAT returns, and any disclosure to HMRC, please reach out to your dedicated accountant or to support@mightyaccounting.com and we will be happy to help you.

Read this guide online (always the latest version): <https://app.mightyaccounting.com/Knowledge/article/exceeded-vat-registration-threshold>