VAT accounting on termination of business

If a sole proprietor terminating business activity is a person liable to value added tax, it is required to submit an application to the Tax and Customs Board for deletion from the register of taxable persons. If, at the time of terminating the activities, the sole proprietor still has goods not transferred wherefrom the input value added tax has been deducted upon the acquisition, the taxable value of the goods has to be declared in the last value added tax return to be submitted to the Tax and Customs Board and the value added tax must be paid.

In the case of fixed assets (including immovable) which have been used in the sole proprietor's business and wherefrom the input value added tax upon the acquisition has been deducted, the value added tax must not be added to the fixed assets. Instead, it is necessary to recalculate the input value added tax.The recalculation should be made if the fixed assets have been used for business purposes less than five years or the immovable less than ten years. If the fixed assets have been used more than five years or the immovable more than ten years, it is not required to pay value added tax or recalculate the input value added tax (**VAT Act, § 29 (10)**).

Additional information Value Added Tax Act