
STATUTORY INSTRUMENTS

1994 No. 3015

VALUE ADDED TAX

The Value Added Tax (General) (Amendment) Regulations 1994

Made - - - - 29th November 1994

Laid before the House of

Commons - - - - 29th November 1994

Coming into force in accordance with regulation 1

The Commissioners of Customs and Excise, in exercise of the powers conferred on them by section 26(1), (3) and (4) of the Value Added Tax Act 1994⁽¹⁾ and of all other powers enabling them in that behalf, hereby make the following Regulations:

1. These Regulations may be cited as the Value Added Tax (General) (Amendment) Regulations 1994 and shall come into force on 1st December 1994, except that—

- (a) where the next prescribed accounting period⁽²⁾ of a taxable person⁽³⁾ begins on a day after 1st December 1994 regulations 3, 4 and 6 shall not have effect in relation to him until the first day of that prescribed accounting period; and
- (b) where the next tax year⁽⁴⁾ of a taxable person begins on a day after 1st December 1994 regulation 5 shall not have effect in relation to him until the first day of that tax year.

2. In these Regulations—

“the principal Regulations” means the Value Added Tax (General) Regulations 1985⁽⁵⁾.

3. Regulation 31⁽⁶⁾ of the principal Regulations shall be amended as follows—

- (a) at the beginning of paragraph (1) there shall be inserted “Subject to paragraph (1A) and regulation 32 below,”; and
- (b) after paragraph (1) there shall be inserted the following—

“(1A) Notwithstanding any provision of any method approved or directed under this regulation which purports to have the contrary effect, in calculating the proportion of any input tax on goods or services used or to be used by the taxable person in making both

(1) 1994 c. 23.

(2) Regulation 29(1) of the Value Added Tax (General) Regulations 1985 (S.I.1985/886, as amended by S.I. 1992/3102) defines “prescribed accounting period” (for the purposes of Part V of those Regulations).

(3) Section 3(1) of the Value Added Tax Act 1994 (c. 23) defines “taxable person”.

(4) Regulation 29(1) of the Value Added Tax (General) Regulations 1985 defines “tax year”.

(5) S.I.1985/886.

(6) Regulation 31 was substituted by S.I. 1992/645.

taxable and exempt supplies which is to be treated as attributable to taxable supplies the value of any supply within regulation 30(3) above shall be excluded.”.

4. For regulation 32(7) of the principal Regulations there shall be substituted the following—

“Attribution of input tax to foreign and specified supplies

32.—(1) Input tax incurred by a taxable person in any prescribed accounting period on goods imported or acquired by, or goods or services supplied to, him which are used or to be used by him in whole or in part in making—

- (a) supplies outside the United Kingdom which would be taxable supplies if made in the United Kingdom; or
- (b) supplies specified in an order under section 26(2)(c) of the Value Added Tax Act 1994⁽⁸⁾,

shall be attributed to taxable supplies to the extent that the goods or services are so used or to be used, expressed as a proportion of the whole use or intended use.

(2) Where—

- (a) input tax of the description in paragraph (1) above has been incurred on goods or services which are used or to be used in making both—
 - (i) a supply within item 1 or 6 of Group 5 of Schedule 9 to the Value Added Tax Act 1994; and
 - (ii) any other supply; and
- (b) the supply mentioned in sub-paragraph (a) (i) above is incidental to one or more of the taxable person’s business activities,

that input tax shall be attributed to taxable supplies in accordance with paragraph (1) above notwithstanding any provision of any method that the taxable person is required or allowed to use under this Part of these Regulations which purports to have the contrary effect.

(3) For the purpose of attributing to taxable supplies any input tax of the description in paragraph (2) above it shall be deemed to be the only input tax incurred by the taxable person in the prescribed accounting period concerned.”.

5. In regulation 33A⁽⁹⁾ of the principal Regulations, for paragraph (1) there shall be substituted the following—

“(1) Where in any prescribed accounting period or in any longer period the exempt input tax of a taxable person—

- (a) does not amount to more than £625 per month on average; and
 - (b) does not exceed more than one half of all of his input tax for the period concerned,
- all such input tax in that period shall be treated as attributable to taxable supplies.”.

6. In regulation 36A⁽¹⁰⁾ of the principal Regulations, at the beginning of sub-paragraph (2) there shall be inserted “Subject to regulation 32 above,”.

(7) Regulation 32 was substituted by S.I. 1992/645 and amended by S.I. 1992/3102.

(8) 1994 c. 23.

(9) Regulation 33A was substituted by S.I. 1992/645.

(10) Regulation 36A was inserted by S.I. 1993/1639.

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29th November 1994

Leonard Harris
Commissioner of Customs and Excise

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force as stipulated in regulation 1, further amend the Value Added Tax (General) Regulations 1985 (“the principal Regulations”).

Regulation 3 amends regulation 31 of the principal Regulations. As well as making a consequential amendment, this provides that the value of any supply specified in paragraph (3) of regulation 30 (the “standard method”) must similarly be excluded from calculations to attribute input tax that is not attributable wholly to taxable or exempt supplies which might otherwise be part of a method which the taxable person may have been allowed or directed to use under regulation 31 (“special methods”).

Regulation 4 amends regulation 32 of the principal Regulations by substitution. This provides that input tax on goods or services used or to be used in making supplies outside the United Kingdom or certain other supplies is to be attributed to taxable supplies on the basis of the actual use to which those goods or services are put. It further provides that where a taxable person makes both an incidental supply involving shares or other securities which is within Group 5 of Schedule 9 to the Value Added Tax Act 1994 and some other supply any input tax incurred on goods or services used in making those supplies shall be attributed to taxable supplies on the basis of the use to which the goods or services have been put.

Regulation 5 amends regulation 33A of the principal Regulations by providing for new de minimis limits whereby taxable persons who incur exempt input tax not exceeding those limits may treat themselves as making only taxable supplies.

Regulation 6 makes a consequential amendment to regulation 36A of the principal Regulations.