
STATUTORY INSTRUMENTS

1995 No. 2518

The Value Added Tax Regulations 1995

PART V

ACCOUNTING, PAYMENT AND RECORDS

Adjustments in the course of business

38. —

(1) [^{F1}Subject to paragraph (1A) below,] this regulation applies where—

- (a) there is an increase in consideration for a supply, or
- (b) there is a decrease in consideration for a supply,

which includes an amount of VAT and the increase or decrease occurs after the end of the prescribed accounting period in which the original supply took place.

[^{F2}(1A) Subject to paragraph (1B) below, this regulation does not apply to any increase or decrease in consideration which occurs more than 3 years after the end of the prescribed accounting period in which the original supply took place.

(1B) Paragraph (1A) above does not apply where—

- (a) the increase or decrease takes place during a prescribed accounting period beginning before 1st May 1997; and
- (b) the return for the prescribed accounting period in which effect is given to the increase or decrease in the business records of the taxable person has not been made, and was not required to have been made, before that date.]

(2) Where this regulation applies, the taxable person shall adjust his VAT account in accordance with the provisions of this regulation.

(3) The maker of the supply shall—

- (a) in the case of an increase in consideration, make a positive entry; or
- (b) in the case of a decrease in consideration, make a negative entry,

for the relevant amount of VAT in the VAT payable portion of his VAT account.

(4) The recipient of the supply, if he is a taxable person, shall—

- (a) in the case of an increase in consideration, make a positive entry; or
- (b) in the case of a decrease in consideration, make a negative entry,

for the relevant amount of VAT in the VAT allowable portion of his VAT account.

(5) Every entry required by this regulation shall, except where paragraph (6) below applies, be made in that part of the VAT account which relates to the prescribed accounting period in which the increase or decrease is given effect in the business accounts of the taxable person.

Status: Point in time view as at 26/03/2001. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the The Value Added Tax Regulations 1995, Section 38. (See end of Document for details)

(6) Any entry required by this regulation to be made in the VAT account of an insolvent person shall be made in that part of the VAT account which relates to the prescribed accounting period in which the supply was made or received.

(7) None of the circumstances to which this regulation applies is to be regarded as giving rise to any application of regulations 34 and 35.

Textual Amendments

- F1** Word in [reg. 38\(1\)](#) inserted (1.5.1997) by [The Value Added Tax \(Amendment\) Regulations 1997 \(S.I. 1997/1086\)](#), regs. 1, [6\(a\)](#)
- F2** [Reg. 38\(1A\)\(1B\)](#) inserted (1.5.1997) by [The Value Added Tax \(Amendment\) Regulations 1997 \(S.I. 1997/1086\)](#), regs. 1, [6\(b\)](#)
-

Commencement Information

- I1** Reg. 38 in force at 20.10.1995, see [reg. 1](#)

Status:

Point in time view as at 26/03/2001. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the The Value Added Tax Regulations 1995, Section 38.