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STATUTORY INSTRUMENTS

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**2001 No. 759**

**VALUE ADDED TAX**

**The Value Added Tax (Electronic Communications) (Incentives) Regulations 2001**

<i>Made</i>	- - - -	<i>7th March 2001</i>
<i>Laid before the House of Commons</i>	- - - -	<i>8th March 2001</i>
<i>Coming into force</i>	- -	<i>1st April 2001</i>

The Commissioners of Customs and Excise, in exercise of the powers conferred on them by Schedule 38 to the Finance Act 2000<sup>(1)</sup>, hereby make the following regulations:

**Citation and commencement**

1. These Regulations may be cited as the Value Added Tax (Electronic Communications) (Incentives) Regulations 2001 and come into force on 1st April 2001.

**Interpretation**

2. In these Regulations—

“the Commissioners” means the Commissioners of Customs and Excise;

“electronic return system” has the meaning given in regulation 25(4B) of the VAT Regulations;

“incentive payment” has the meaning given in regulation 3 below;

“prescribed accounting period” has the meaning given in regulation 2(1) of the VAT Regulations;

“relevant return” means the return referred to in regulation 3(1)(a) below;

“taxable person” has the meaning given in section 3(1) of the Value Added Tax Act 1994<sup>(2)</sup>;

“VAT Regulations” means the Value Added Tax Regulations 1995<sup>(3)</sup>.

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(1) 2000 c. 17; Schedule 38 is introduced by section 143(1).

(2) 1994 c. 23.

(3) S.I.1995/2518; relevant amending instruments are S.I. 1996/542, 1996/1250, 2000/258, 2000/794.

### **Incentive for making a VAT return by way of an electronic return system**

3.—(1) The Commissioners shall give an incentive in the form of a payment of £50 to any taxable person who—

- (a) makes a return by way of an electronic return system on or after 1st April 2001;
- (b) has not previously made such a return on or after that date; and
- (c) satisfies the conditions specified in any direction given by the Commissioners under paragraph (2) below.

Such a payment shall be called an “incentive payment”.

(2) The Commissioners may give a direction specifying any or all of the following conditions—

- (a) that the relevant return is made in compliance with any time limits specified by or under the VAT Regulations;
- (b) that the relevant return is made for a prescribed accounting period that is specified in the direction;
- (c) that the amount of value added tax that is payable in respect of the period to which the relevant return relates is paid—
  - (i) by a means of electronic payment that is specified in the direction; and
  - (ii) in compliance with any time limits specified by or under the VAT Regulations;
- (d) that the value of supplies made by the taxable person in the period of 12 months ending on the last day of the prescribed accounting period to which the relevant return relates does not exceed such sum as may be specified.

### **Withdrawal of an incentive payment and recovery**

4.—(1) Where it appears to the Commissioners that a person has failed to satisfy one or more of the conditions specified in a direction given under regulation 3(2) above, they may give notice in writing to that person withdrawing the incentive payment and, where a payment has already been made, may assess the amount so paid and notify it to him.

(2) The Commissioners may notify an assessment under paragraph (1) above at the same time as they give notice withdrawing the incentive payment.

(3) Subsections (2) to (4) and (8) of section 78A of the Value Added Tax Act 1994<sup>(4)</sup> (assessment for interest overpayments) apply in the case of an assessment under paragraph (1) above as they apply in the case of an assessment under section 78A(1) of that Act.

### **Appeals**

5. An appeal shall lie to a VAT and duties tribunal with respect to—

- (a) an assessment under regulation 4(1) above, or the amount of such an assessment; and
- (b) a decision that the conditions of entitlement to an incentive payment are not met.

### **Directions**

6. Any direction given by the Commissioners under regulation 3(2) above shall be contained in a notice published by them.

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(4) Section 78A was inserted by the Finance Act 1997 (c. 16), section 45(1).

New King's Beam House  
Upper Ground  
London SE1 9PJ  
7th March 2001

*M. J. Eland*  
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.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations come into force on 1st April 2001.

They provide for incentive payments to be made to taxable persons who make VAT returns to the Commissioners of Customs and Excise electronically.

Regulation 3 entitles a taxable person to an incentive payment of £50 for the first return he makes electronically after these Regulations come into force; provided that he satisfies certain conditions specified in a direction given by the Commissioners of Customs and Excise.

Regulation 4 provides for the withdrawal of an incentive payment where not all of the conditions are satisfied and, where a payment has already been made, for its recovery.

Regulation 5 provides rights of appeal to a VAT and duties tribunal against an assessment under regulation 4 and a decision that the conditions of entitlement to an incentive payment are not met.