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STATUTORY INSTRUMENTS

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**2019 No.73**

**EXITING THE EUROPEAN UNION  
VALUE ADDED TAX**

**The Value Added Tax (Tour Operators)  
(Amendment) (EU Exit) Regulations 2019**

*Approved by the House of Commons*

*Made - - - - 17th January 2019*

*Laid before the House of*

*Commons - - - - 22nd January 2019*

*Coming into force in accordance with regulation 1*

The Treasury make these Regulations in exercise of the powers conferred by sections 51(1)(a), 51(3)(a) and 52(2) of the Taxation (Cross-border Trade) Act 2018(1).

In accordance with section 51(1) of that Act, the Treasury consider it appropriate in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom from the EU, to make the following provision in relation to value added tax. In accordance with section 52(2) of that Act, the Treasury consider it appropriate in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom from the EU, for the following Regulations to come into force on such day or days as the Treasury may by regulations under section 52 of that Act appoint.

**Citation and commencement**

1. These Regulations may be cited as the Value Added Tax (Tour Operators) (Amendment) (EU Exit) Regulations 2019 and come into force on such day or days as the Treasury may by regulations under section 52 of the Taxation (Cross-border Trade) Act 2018 appoint.

**Amendment of the Value Added Tax (Tour Operators) Order 1987**

2. The Value Added Tax (Tour Operators) Order 1987(2) is amended as follows.

3. In article 3(1), for “in a member State of the European Union in which he has established his business or has a fixed establishment” substitute “who has a business establishment, or some other fixed establishment, in the United Kingdom”.

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(1) 2018 c. 22; section 51(1)(a) permits “the appropriate Minister” to make provision relating to value added tax and under section 51(4)(b) “the appropriate Minister” means the Treasury.  
(2) S.I. 1987/1806 as amended by S.I. 1992/3125, section 100(2) of and Schedule 15 to the Value Added Tax Act 1994 (c. 23), S.I. 1995/1495, section 76 of, and paragraph 13 of Schedule 36 to, the Finance Act 2009 (c. 10), S.I. 2009/3166 and 2011/1043.

4. For article 5, substitute—

“5. A designated travel service shall be treated for the purposes of the Value Added Tax Act 1994 as supplied in the United Kingdom regardless of the place where it is to be enjoyed.”.

**Amendment of the Value Added Tax Act 1994**

5. Group 8 of Schedule 8 (zero-rating: transport) to the Value Added Tax Act 1994<sup>(3)</sup> is amended as follows.

6. For Item 12 substitute—

“12. The supply of a designated travel service to be enjoyed outside the United Kingdom, to the extent to which the supply is so enjoyed.”.

*Jeremy Quin*

*Paul Maynard*

Two of the Lords Commissioners for Her  
Majesty’s Treasury

17th January 2019

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(3) 1994 c. 23. Group 8 of Schedule 8 was varied by S.I. 1994/3014, 1995/653, 1995/3039, 1999/1820, 2001/753, 2002/456, 2002/1173, 2006/1750, section 22(1) of the Finance (No 3) Act 2010 (c. 33), section 1177 of, and paragraph 285(d) of Schedule 1 to, the Corporation Tax Act 2010 (c. 4) and S.I. 2011/2085.

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## EXPLANATORY NOTE

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

These Regulations amend the Value Added Tax (Tour Operators) Order 1987 (“the Order”) and Schedule 8 to the Value Added Tax Act 1994 (“the Act”) for the purpose of making changes to the VAT Tour Operators Margin Scheme that are appropriate in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom from the EU. The provisions will come into force on a day or days to be appointed by the Treasury in further regulations.

Regulation 3 amends the definition of “designated travel service” in article 3 of the Order, substituting a reference to the United Kingdom for the member States of the EU.

Regulation 4 amends the place of supply rules for designated travel services in article 5 of the Order, substituting a reference to the United Kingdom for the member States of the EU.

Regulations 5 and 6 amend Group 8 of Schedule 8 to the Act to apply the zero rate of VAT to supplies of designated travel services to be enjoyed outside the United Kingdom, rather than outside the EU.

This instrument will be covered by an overarching HMRC impact assessment on VAT and services which will be published and available on the website at <https://www.gov.uk/government/collections/customs-vat-and-excise-regulations-leaving-the-eu-with-no-deal>.