

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>.