



Value Added Tax Act 1994

1994 CHAPTER 23

PART I

THE CHARGE TO TAX

Imposition and rate of VAT

1 Value added tax.

- (1) Value added tax shall be charged, in accordance with the provisions of this Act—
 - (a) on the supply of goods or services in the United Kingdom (including anything treated as such a supply),
 - (b) on the acquisition in the United Kingdom from other member States of any goods, and
 - [^{F1}(c) on the importation of goods into the United Kingdom,]and references in this Act to VAT are references to value added tax.
- (2) VAT on any supply of goods or services is a liability of the person making the supply and (subject to provisions about accounting and payment) becomes due at the time of supply.
- (3) VAT on any acquisition of goods from another member State is a liability of the person who acquires the goods and (subject to provisions about accounting and payment) becomes due at the time of acquisition.
- (4) VAT on the importation of goods from places outside the member States shall be charged and payable as if it were a duty of customs.

Textual Amendments

- F1** S. 1(1)(c) substituted (28.1.2019 for specified purposes, 31.12.2020 in so far as not already in force) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), [ss. 41\(2\)\(b\), 57\(3\)](#) (with savings and transitional

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provisions in S.I. 2019/105 (as amended by S.I. 2020/1495, regs. 1(2), **21**), S.I. 2020/1545, **Pt. 4** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2019/104, **reg. 2**; S.I. 2020/1642, **reg. 4(b)** (with reg. 7)

2 Rate of VAT.

- (1) Subject to the following provisions [^{F2}and to the provisions of section 29A] of this section ^{F3} . . . , VAT shall be charged at the rate of [^{F4}20 per cent] and shall be charged—
- (a) on the supply of goods or services, by reference to the value of the supply as determined under this Act; and
 - (b) on the acquisition of goods from another member State, by reference to the value of the acquisition as determined under this Act; and
 - (c) on the importation of goods from a place outside the member States, by reference to the value of the goods as determined under this Act.

^{F5}(1A)

^{F5}(1B)

^{F6}(1C)

- (2) The Treasury may by order increase or decrease the rate of VAT for the time being in force [^{F7}under this section] by such percentage thereof not exceeding 25 per cent. as may be specified in the order, but any such order [^{F8}that has not previously expired or been revoked] shall cease to be in force at the expiration of a period of one year from the date on which it takes effect, unless continued in force by a further order under this subsection.
- (3) In relation to an order made under subsection (2) above to continue, vary or replace a previous order, the reference in that subsection to the rate for the time being in force [^{F7}under this section] is a reference to the rate which would be in force if no order under that subsection had been made.

Textual Amendments

- F2** Words in s. 2(1) inserted (11.5.2001 with effect as mentioned in s. 99(7)(a) of the amending Act) by 2001 c. 9, s. 99(2)
- F3** Words in s. 2(1) omitted (1.5.1995 with application as mentioned in s. 21(6) of the amending Act) by virtue of 1995 c. 4, s. 21(2)
- F4** Words in s. 2(1) substituted (27.7.2010) by Finance (No. 2) Act 2010 (c. 31), s. 3(1)
- F5** S. 2(1A)(1B) repealed (11.5.2001 with effect as mentioned in s. 99(7) of the amending Act) by 2001 c. 9, ss. 99(3), 110, Sch. 33 Pt. 3(1) Note 2
- F6** S. 2(1C) repealed (1.11.2001) by 2001 c. 9, ss. 99(3), 110, Sch. 33 Pt. 3(1) Note 1
- F7** Words in s. 2(2)(3) inserted (11.5.2001 with effect as mentioned in s. 99(9)(a) of the amending Act) by 2001 c. 9, s. 99, Sch. 31 para. 2
- F8** Words in s. 2(2) inserted (with effect in accordance with Sch. 3 para. 11 of the amending Act) by Finance Act 2009 (c. 10), Sch. 3 para. 25(2)

Modifications etc. (not altering text)

- C1** S. 2(1) modified (1.12.2008) by The Value Added Tax (Change of Rate) Order 2008 (S.I. 2008/3020), arts. 1, 3

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3 Taxable persons and registration.

- (1) A person is a taxable person for the purposes of this Act while he is, or is required to be, registered under this Act.
- (2) [^{F9}Schedules 1 to 3A] shall have effect with respect to registration.
- (3) Persons registered under any of those Schedules shall be registered in a single register kept by the Commissioners for the purposes of this Act; and, accordingly, references in this Act to being registered under this Act are references to being registered under any of those Schedules.
- (4) The Commissioners may by regulations make provision as to the inclusion and correction of information in that register with respect to the Schedule under which any person is registered.

Textual Amendments

F9 Words in s. 3(2) substituted (28.7.2000 with effect as mentioned in s. 136(10) of the amending Act) by 2000 c. 17, s. 136(1)

[^{F10}3A [^{F11}Supplies of electronic, telecommunication and broadcasting services: special accounting schemes]

- (1) Schedule 3B (scheme enabling persons who supply electronically supplied services [^{F12}, telecommunication services or broadcasting services] in any member State, but who are not established in a member State, to account for and pay VAT in the United Kingdom on those supplies) has effect.

[Schedule 3BA—

- ^{F13}(1A) (a) establishes a special accounting scheme for use by persons established in the UK and supplying electronically supplied services, telecommunication services or broadcasting services in other member States, and
- (b) makes provision about corresponding schemes in other member States.]

- (2) The Treasury may by order amend Schedule 3B [^{F14}or 3BA].

- (3) The power of the Treasury by order to amend [^{F15}Schedules 3B and 3BA] includes power to make such incidental, supplemental, consequential and transitional provision in connection with any amendment of that Schedule as they think fit.]

Textual Amendments

F10 S. 3A inserted (with effect in accordance with s. 23(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 2 para. 2](#)

F11 S. 3A heading substituted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 22 para. 12\(4\)](#)

F12 Words in s. 3A(1) inserted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 22 para. 12\(2\)](#)

F13 S. 3A(1A) inserted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 22 para. 12\(3\)](#)

F14 Words in s. 3A(2) inserted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 22 para. 2\(a\)](#)

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F15 Words in s. 3A(3) substituted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by Finance Act 2014 (c. 26), **Sch. 22 para. 2(b)**

Supply of goods or services in the United Kingdom

4 Scope of VAT on taxable supplies.

- (1) VAT shall be charged on any supply of goods or services made in the United Kingdom, where it is a taxable supply made by a taxable person in the course or furtherance of any business carried on by him.
- (2) A taxable supply is a supply of goods or services made in the United Kingdom other than an exempt supply.

5 Meaning of supply: alteration by Treasury order.

- (1) Schedule 4 shall apply for determining what is, or is to be treated as, a supply of goods or a supply of services.
- (2) Subject to any provision made by that Schedule and to Treasury orders under subsections (3) to (6) below—
 - (a) “supply” in this Act includes all forms of supply, but not anything done otherwise than for a consideration;
 - (b) anything which is not a supply of goods but is done for a consideration (including, if so done, the granting, assignment or surrender of any right) is a supply of services.
- (3) The Treasury may by order provide with respect to any description of transaction—
 - (a) that it is to be treated as a supply of goods and not as a supply of services; or
 - (b) that it is to be treated as a supply of services and not as a supply of goods; or
 - (c) that it is to be treated as neither a supply of goods nor a supply of services;
 and without prejudice to the foregoing, such an order may provide that paragraph 5(4) of Schedule 4 is not to apply, in relation to goods of any prescribed description used or made available for use in prescribed circumstances, so as to make that a supply of services under that paragraph and may provide that paragraph 6 of that Schedule shall not apply, in such circumstances as may be described in the order, so as to make a removal of assets a supply of goods under that paragraph.
- (4) Without prejudice to subsection (3) above, the Treasury may by order make provision for securing, with respect to services of any description specified in the order, that where—
 - (a) a person carrying on a business does anything which is not a supply of services but would, if done for a consideration, be a supply of services of a description specified in the order; and
 - (b) such other conditions as may be specified in the order are satisfied,
 such services are treated for the purposes of this Act as being supplied by him in the course or furtherance of that business.
- (5) The Treasury may by order make provision for securing, subject to any exceptions provided for by or under the order, that where in such circumstances as may be specified in the order goods of a description so specified are taken possession of or

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- produced by a person in the course or furtherance of a business carried on by him and—
- (a) are neither supplied to another person nor incorporated in other goods produced in the course or furtherance of that business; but
 - (b) are used by him for the purpose of a business carried on by him,
- the goods are treated for the purposes of this Act as being both supplied to him for the purpose of that business and supplied by him in the course or furtherance of it.
- (6) The Treasury may by order make provision for securing, with respect to services of any description specified in the order, that where—
- (a) a person, in the course or furtherance of a business carried on by him, does anything for the purpose of that business which is not a supply of services but would, if done for a consideration, be a supply of services of a description specified in the order; and
 - (b) such other conditions as may be specified in the order are satisfied,
- such services are treated for the purposes of this Act as being both supplied to him for the purpose of that business and supplied by him in the course or furtherance of it.
- (7) For the purposes of this section, where goods are manufactured or produced from any other goods, those other goods shall be treated as incorporated in the first-mentioned goods.
- (8) An order under subsection (4) or (6) above may provide for the method by which the value of any supply of services which is treated as taking place by virtue of the order is to be calculated.

Modifications etc. (not altering text)

C2 S. 5 applied (with modifications) (1.4.2009) by [Finance Act 2008 \(c. 9\), s. 113\(2\), Sch. 36 para. 34\(4\)](#) (with [Sch. 36 para. 38](#)); [S.I. 2009/404, art. 2](#)

6 Time of supply.

- (1) The provisions of this section shall apply, subject to [^{F16}sections 18, 18B and 18C] for determining the time when a supply of goods or services is to be treated as taking place for the purposes of the charge to VAT.
- (2) Subject to subsections (4) to (14) below, a supply of goods shall be treated as taking place—
- (a) if the goods are to be removed, at the time of the removal;
 - (b) if the goods are not to be removed, at the time when they are made available to the person to whom they are supplied;
 - (c) if the goods (being sent or taken on approval or sale or return or similar terms) are removed before it is known whether a supply will take place, at the time when it becomes certain that the supply has taken place or, if sooner, 12 months after the removal.
- (3) Subject to subsections (4) to (14) below, a supply of services shall be treated as taking place at the time when the services are performed.
- (4) If, before the time applicable under subsection (2) or (3) above, the person making the supply issues a VAT invoice in respect of it or if, before the time applicable under

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subsection (2)(a) or (b) or (3) above, he receives a payment in respect of it, the supply shall, to the extent covered by the invoice or payment, be treated as taking place at the time the invoice is issued or the payment is received.

- (5) If, within 14 days after the time applicable under subsection (2) or (3) above, the person making the supply issues a VAT invoice in respect of it, then, unless he has notified the Commissioners in writing that he elects not to avail himself of this subsection, the supply shall (to the extent that it is not treated as taking place at the time mentioned in subsection (4) above) be treated as taking place at the time the invoice is issued.
- (6) The Commissioners may, at the request of a taxable person, direct that subsection (5) above shall apply in relation to supplies made by him (or such supplies made by him as may be specified in the direction) as if for the period of 14 days there were substituted such longer period as may be specified in the direction.
- (7) Where any supply of goods involves both—
 - (a) the removal of the goods from the United Kingdom; and
 - (b) their acquisition in another member State by a person who is liable for VAT on the acquisition in accordance with provisions of the law of that member State corresponding, in relation to that member State, to the provisions of section 10,

subsections (2), (4) to (6) and (10) to (12) of this section shall not apply and the supply shall be treated for the purposes of this Act as taking place on whichever is the earlier of the days specified in subsection (8) below.

- (8) The days mentioned in subsection (7) above are—
 - (a) the 15th day of the month following that in which the removal in question takes place; and
 - (b) the day of the issue, in respect of the supply, of a VAT invoice or of an invoice of such other description as the Commissioners may by regulations prescribe.

^{F17}(9)

- (10) The Commissioners may, at the request of a taxable person, by direction alter the time at which supplies made by him (or such supplies made by him as may be specified in the direction) are to be treated as taking place, either—
 - (a) by directing those supplies to be treated as taking place—
 - (i) at times or on dates determined by or by reference to the occurrence of some event described in the direction; or
 - (ii) at times or on dates determined by or by reference to the time when some event so described would in the ordinary course of events occur, the resulting times or dates being in every case earlier than would otherwise apply; or
 - (b) by directing that, notwithstanding subsections (5) and (6) above, those supplies shall (to the extent that they are not treated as taking place at the time mentioned in subsection (4) above) be treated as taking place—
 - (i) at the beginning of the relevant working period (as defined in his case in and for the purposes of the direction); or
 - (ii) at the end of the relevant working period (as so defined).

- (11) Where goods are treated as supplied by an order under section 5(5), the supply is treated as taking place when they are appropriated to the use mentioned in that section.

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- (12) Where there is a supply of goods by virtue only of paragraph 5(1) of Schedule 4, the supply is treated as taking place when the goods are transferred or disposed of as mentioned in that paragraph.
- (13) Where there is a supply of services by virtue only of paragraph 5(4) of Schedule 4, the supply is treated as taking place when the goods are appropriated to the use mentioned in that paragraph.
- (14) The Commissioners may by regulations make provision with respect to the time at which (notwithstanding subsections (2) to (8) and (11) to (13) above or section 55(4)) a supply is to be treated as taking place in cases where—
- (a) it is a supply of goods or services for a consideration the whole or part of which is determined or payable periodically, or from time to time, or at the end of any period, or
 - (b) it is a supply of goods for a consideration the whole or part of which is determined at the time when the goods are appropriated for any purpose, or
 - (c) there is a supply to which section 55 applies, or
 - (d) there is a supply of services by virtue of paragraph 5(4) of Schedule 4 or an order under section 5(4);

and for any such case as is mentioned in this subsection the regulations may provide for goods or services to be treated as separately and successively supplied at prescribed times or intervals.

[^{F18}(14A) ^{F19}... this section and any regulations under this section or section 8(4) shall have effect subject to section 97A.]

- (15) In this Act “VAT invoice” means such an invoice as is required under [^{F20}paragraph 2A] of Schedule 11, or would be so required if the person to whom the supply is made were a person to whom such an invoice should be issued.

Textual Amendments

- F16** Words in s. 6(1) substituted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by 1996 c. 8, ss. 25, 26, **Sch. 3 para. 1**; S.I. 1996/1249, **art. 2**
- F17** S. 6(9) repealed (1.12.2003) by Finance Act 2002 (c. 23), s. 24(5), **Sch. 40 Pt. 2**; S.I. 2003/3043, **art. 2**
- F18** S. 6(14A) inserted (retrospective to 17.3.1998) by 1998 c. 36, **s. 22(2)(3)**
- F19** Words in s. 6(14A) omitted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 36 para. 2** (with Sch. 36 para. 19)
- F20** Words in s. 6(15) substituted (1.12.2003) by Finance Act 2002 (c. 23), **s. 24(4)(a)(5)**; S.I. 2003/3043, **art. 2**

7 Place of supply [^{F21}of goods].

- (1) This section shall apply (subject to [^{F22}sections 14, 18 and 18B]) for determining, for the purposes of this Act, whether goods ^{F23}... are supplied in the United Kingdom.
- (2) Subject to the following provisions of this section, if the supply of any goods does not involve their removal from or to the United Kingdom they shall be treated as supplied in the United Kingdom if they are in the United Kingdom and otherwise shall be treated as supplied outside the United Kingdom.

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- (3) Goods shall be treated—
- (a) as supplied in the United Kingdom where their supply involves their installation or assembly at a place in the United Kingdom to which they are removed; and
 - (b) as supplied outside the United Kingdom where their supply involves their installation or assembly at a place outside the United Kingdom to which they are removed.
- (4) Goods whose place of supply is not determined under any of the preceding provisions of this section shall be treated as supplied in the United Kingdom where—
- (a) the supply involves the removal of the goods to the United Kingdom by or under the directions of the person who supplies them;
 - (b) the supply is a transaction in pursuance of which the goods are acquired in the United Kingdom from another member State by a person who is not a taxable person;
 - (c) the supplier—
 - (i) is liable to be registered under Schedule 2; or
 - (ii) would be so liable if he were not already registered under this Act or liable to be registered under Schedule 1 [F24 or 1A]; and
 - (d) the supply is neither a supply of goods consisting in a new means of transport nor anything which is treated as a supply for the purposes of this Act by virtue only of paragraph 5(1) or 6 of Schedule 4.
- (5) Goods whose place of supply is not determined under any of the preceding provisions of this section and which do not consist in a new means of transport shall be treated as supplied outside the United Kingdom where—
- (a) the supply involves the removal of the goods, by or under the directions of the person who supplies them, to another member State;
 - (b) the person who makes the supply is taxable in another member State; and
 - (c) provisions of the law of that member State corresponding, in relation to that member State, to the provisions made by subsection (4) above make that person liable to VAT on the supply;
- but this subsection shall not apply in relation to any supply in a case where the liability mentioned in paragraph (c) above depends on the exercise by any person of an option in the United Kingdom corresponding to such an option as is mentioned in paragraph 1(2) of Schedule 2 unless that person has given, and has not withdrawn, a notification to the Commissioners that he wishes his supplies to be treated as taking place outside the United Kingdom where they are supplies in relation to which the other requirements of this subsection are satisfied.
- (6) Goods whose place of supply is not determined under any of the preceding provisions of this section shall be treated as supplied in the United Kingdom where—
- (a) their supply involves their being imported from a place outside the member States; and
 - (b) the person who supplies them is the person by whom, or under whose directions, they are so imported.
- (7) Goods whose place of supply is not determined under any of the preceding provisions of this section but whose supply involves their removal to or from the United Kingdom shall be treated—

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- (a) as supplied in the United Kingdom where their supply involves their removal from the United Kingdom without also involving their previous removal to the United Kingdom; and
 - (b) as supplied outside the United Kingdom in any other case.
- (8) For the purposes of the preceding provisions of this section, where goods, in the course of their removal from a place in the United Kingdom to another place in the United Kingdom, leave and re-enter the United Kingdom the removal shall not be treated as a removal from or to the United Kingdom.
- (9) The Commissioners may by regulations provide that a notification for the purposes of subsection (5) above is not to be given or withdrawn except in such circumstances, and in such form and manner, as may be prescribed.
- ^{F25}(10)
- (11) The Treasury may by order provide, in relation to goods ^{F26}... generally or to particular goods ^{F26}... specified in the order, for varying the rules for determining where a supply of goods ^{F26}... is made.

Textual Amendments

- F21** Words in s. 7 heading inserted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 3\(5\)](#) (with [Sch. 36 para. 19](#))
- F22** Words in s. 7(1) substituted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by [1996 c. 8, ss. 25, 26](#), [Sch. 3 para. 2](#); [S.I. 1996/1249, art. 2](#)
- F23** Words in s. 7(1) omitted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 3\(2\)](#) (with [Sch. 36 para. 19](#))
- F24** Words in s. 7(4)(c)(ii) inserted (with effect in accordance with [Sch. 28 para. 19](#) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 28 para. 3](#)
- F25** S. 7(10) omitted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 3\(3\)](#) (with [Sch. 36 para. 19](#))
- F26** Words in s. 7(11) omitted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 3\(4\)](#) (with [Sch. 36 para. 19](#))

^{F27}7A Place of supply of services

- (1) This section applies for determining, for the purposes of this Act, the country in which services are supplied.
- (2) A supply of services is to be treated as made—
 - (a) in a case in which the person to whom the services are supplied is a relevant business person, in the country in which the recipient belongs, and
 - (b) otherwise, in the country in which the supplier belongs.
- (3) The place of supply of a right to services is the same as that in which the supply of the services would be treated as made if made by the supplier of the right to the recipient of the right (whether or not the right is exercised); and for this purpose a right to services includes any right, option or priority with respect to the supply of services and an interest deriving from a right to services.

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- (4) For the purposes of this Act a person is a relevant business person in relation to a supply of services if the person—
- (a) is a taxable person within the meaning of Article 9 of Council Directive 2006/112/EC,
 - (b) is registered under this Act,
 - (c) is identified for the purposes of VAT in accordance with the law of a member State other than the United Kingdom, or
 - (d) is registered under an Act of Tynwald for the purposes of any tax imposed by or under an Act of Tynwald which corresponds to value added tax,
- and the services are received by the person otherwise than wholly for private purposes.
- (5) Subsection (2) has effect subject to Schedule 4A.
- (6) The Treasury may by order—
- (a) amend subsection (4),
 - (b) amend Schedule 4A, or
 - (c) otherwise make provision for exceptions from either or both of the paragraphs of subsection (2).
- (7) An order under subsection (6) may include incidental, supplemental, consequential and transitional provision.]

Textual Amendments

- F27** S. 7A inserted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 4](#) (with [Sch. 36 paras. 14\(1\), 19](#))

8 Reverse charge on supplies received from abroad.

- [^{F28}(1) Where services are supplied by a person who belongs in a country other than the United Kingdom in circumstances in which this subsection applies, this Act has effect as if (instead of there being a supply of the services by that person)—
- (a) there were a supply of the services by the recipient in the United Kingdom in the course or furtherance of a business carried on by the recipient, and
 - (b) that supply were a taxable supply.]

[^{F28}(2) Subsection (1) above applies if—

 - (a) the recipient is a relevant business person who belongs in the United Kingdom, and
 - (b) the place of supply of the services is inside the United Kingdom,

and, where the supply of the services is one to which any paragraph of Part 1 or 2 of Schedule 4A applies, the recipient is registered under this Act.]

(3) Supplies which are treated as made by the recipient under subsection (1) above are not to be taken into account as supplies made by him when determining any allowance of input tax in his case under section 26(1).

(4) In applying subsection (1) above, the supply of services treated as made by the recipient shall be assumed to have been made at a time to be determined in accordance with regulations prescribing rules for attributing a time of supply in cases within that subsection.

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[^{F29}(4A) Subsection (1) does not apply to services of any of the descriptions specified in Schedule 9.]

(5) The Treasury may by order [^{F30}amend subsection (4A) by altering the descriptions of services specified in that subsection].

^{F31}(6)

[^{F32}(7) The power of the Treasury by order to [^{F33}amend subsection (4A)] shall include power to make such incidental, supplemental, consequential and transitional provision in connection with any [^{F34}amendment of that subsection] as they think fit.

(8) Without prejudice to the generality of subsection (7) above, the provision that may be made under that subsection includes—

- (a) provision making such modifications of section 43(2A) to (2E) as the Treasury may think fit in connection with any [^{F35}amendment of subsection (4A)]; and
- (b) provision modifying the effect of any regulations under subsection (4) above in relation to any services added to [^{F36}that subsection].]

Textual Amendments

- F28** S. 8(1)(2) substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 5\(2\)](#) (with [Sch. 36 para. 19](#))
- F29** S. 8(4A) inserted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 5\(3\)](#) (with [Sch. 36 para. 19](#))
- F30** Words in s. 8(5) substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 5\(4\)](#) (with [Sch. 36 para. 19](#))
- F31** S. 8(6) omitted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 5\(5\)](#) (with [Sch. 36 para. 19](#))
- F32** S. 8(7)(8) inserted (19.3.1997) by [1997 c. 16](#), [s. 42](#)
- F33** Words in s. 8(7) substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 5\(6\)\(a\)](#) (with [Sch. 36 para. 19](#))
- F34** Words in s. 8(7) substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 5\(6\)\(b\)](#) (with [Sch. 36 para. 19](#))
- F35** Words in s. 8(8) substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 5\(7\)\(a\)](#) (with [Sch. 36 para. 19](#))
- F36** Words in s. 8(8) substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 5\(7\)\(b\)](#) (with [Sch. 36 para. 19](#))

[^{F37} **Place where supplier or recipient of services belongs.**

(1) This section has effect for determining for the purposes of section 7A (or Schedule 4A) or section 8, in relation to any supply of services, whether a person who is the supplier or recipient belongs in one country or another.

(2) A person who is a relevant business person is to be treated as belonging in the relevant country.

(3) In subsection (2) “the relevant country” means—

- (a) if the person has a business establishment, or some other fixed establishment, in a country (and none in any other country), that country,

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- (b) if the person has a business establishment, or some other fixed establishment or establishments, in more than one country, the country in which the relevant establishment is, and
 - (c) otherwise, the country in which the person's usual place of residence [^{F38}or permanent address] is.
- (4) In subsection (3)(b) “relevant establishment” means whichever of the person's business establishment, or other fixed establishments, is most directly concerned with the supply.
- (5) A person who is not a relevant business person is to be treated as [^{F39}belonging—
- (a) in the country in which the person's usual place of residence or permanent address is (except in the case of a body corporate or other legal person);
 - (b) in the case of a body corporate or other legal person, in the country in which the place where it is established is.]
- [^{F40}(6) The reference in subsection (5)(b) to the place where a body corporate or other legal person “is established” is to be read in accordance with Article 13a of Implementing Regulation (EU) No 282/2011 (which is inserted by Council Implementing Regulation (EU) No 1042/2013).]]

Textual Amendments

- F37** S. 9 substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 6](#) (with [Sch. 36 para. 19](#))
- F38** Words in s. 9(3)(c) inserted (with effect in accordance with s. 104(5) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [s. 104\(2\)](#)
- F39** Words in s. 9(5) substituted (with effect in accordance with s. 104(5) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [s. 104\(3\)](#)
- F40** S. 9(6) substituted (with effect in accordance with s. 104(5) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [s. 104\(4\)](#)

[^{F41}9A **Reverse charge on gas [^{F42}, electricity, heat or cooling] supplied by persons outside the United Kingdom**

- (1) This section applies if relevant goods are supplied—
- (a) by a person who is outside the United Kingdom,
 - (b) to a person who is registered under this Act,
- for the purposes of any business carried on by the recipient.
- (2) The same consequences follow under this Act (and particularly so much as charges VAT on a supply and entitles a taxable person to credit for input tax) as if—
- (a) the recipient had himself supplied the relevant goods in the course or furtherance of his business, and
 - (b) that supply were a taxable supply.
- (3) But supplies which are treated as made by the recipient under subsection (2) are not to be taken into account as supplies made by him when determining any allowance of input tax in his case under section 26(1).
- (4) In applying subsection (2) the supply of relevant goods treated as made by the recipient shall be assumed to have been made at a time to be determined in accordance with

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regulations prescribing rules for attributing a time of supply in cases to which this section applies.

[^{F43}(5) Relevant goods” means—

- (a) gas supplied through a natural gas system situated within the territory of a member State or any network connected to such a system,
- (b) electricity, and
- (c) heat or cooling supplied through a network.]

(6) Whether a person is outside the United Kingdom is to be determined in accordance with an order made by the Treasury.]

Textual Amendments

- F41** S. 9A inserted (22.7.2004 with effect in accordance with s. 21(2) of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [s. 21\(1\)](#)
- F42** Words in s. 9A heading substituted (with effect in accordance with s. 20(3) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [s. 20\(1\)\(b\)](#)
- F43** S. 9A(5) substituted (with effect in accordance with s. 20(3) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [s. 20\(1\)\(a\)](#)

Acquisition of goods from member States

10 Scope of VAT on acquisitions from member States.

- (1) VAT shall be charged on any acquisition from another member State of any goods where—
 - (a) the acquisition is a taxable acquisition and takes place in the United Kingdom;
 - (b) the acquisition is otherwise than in pursuance of a taxable supply; and
 - (c) the person who makes the acquisition is a taxable person or the goods are subject to a duty of excise or consist in a new means of transport.
- (2) An acquisition of goods from another member State is a taxable acquisition if—
 - (a) it falls within subsection (3) below or the goods consist in a new means of transport; and
 - (b) it is not an exempt acquisition.
- (3) An acquisition of goods from another member State falls within this subsection if—
 - (a) the goods are acquired in the course or furtherance of—
 - (i) any business carried on by any person; or
 - (ii) any activities carried on otherwise than by way of business by any body corporate or by any club, association, organisation or other unincorporated body;
 - (b) it is the person who carries on that business or, as the case may be, those activities who acquires the goods; and
 - (c) the supplier—
 - (i) is taxable in another member State at the time of the transaction in pursuance of which the goods are acquired; and
 - (ii) in participating in that transaction, acts in the course or furtherance of a business carried on by him.

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11 Meaning of acquisition of goods from another member State.

- (1) Subject to the following provisions of this section, references in this Act to the acquisition of goods from another member State shall be construed as references to any acquisition of goods in pursuance of a transaction in relation to which the following conditions are satisfied, that is to say—
 - (a) the transaction is a supply of goods (including anything treated for the purposes of this Act as a supply of goods); and
 - (b) the transaction involves the removal of the goods from another member State; and references in this Act, in relation to such an acquisition, to the supplier shall be construed accordingly.
- (2) It shall be immaterial for the purposes of subsection (1) above whether the removal of the goods from the other member State is by or under the directions of the supplier or by or under the directions of the person who acquires them or any other person.
- (3) Where the person with the property in any goods does not change in consequence of anything which is treated for the purposes of this Act as a supply of goods, that supply shall be treated for the purposes of this Act as a transaction in pursuance of which there is an acquisition of goods by the person making it.
- (4) The Treasury may by order provide with respect to any description of transaction that the acquisition of goods in pursuance of a transaction of that description is not to be treated for the purposes of this Act as the acquisition of goods from another member State.

Modifications etc. (not altering text)

- C3 S. 11 applied (with modifications) (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 113(2), [Sch. 36 para. 34\(4\)](#) (with [Sch. 36 para. 38](#)); S.I. 2009/404, art. 2

12 Time of acquisition.

- (1) Subject to [^{F44}sections 18 and 18B] and any regulations under subsection (3) below, where goods are acquired from another member State, the acquisition shall be treated for the purposes of this Act as taking place on whichever is the earlier of—
 - (a) the 15th day of the month following that in which the event occurs which, in relation to that acquisition, is the first relevant event for the purposes of taxing the acquisition; and
 - (b) the day of the issue, in respect of the transaction in pursuance of which the goods are acquired, of an invoice of such a description as the Commissioners may by regulations prescribe.
- (2) For the purposes of this Act the event which, in relation to any acquisition of goods from another member State, is the first relevant event for the purposes of taxing the acquisition is the first removal of the goods which is involved in the transaction in pursuance of which they are acquired.
- (3) The Commissioners may by regulations make provision with respect to the time at which an acquisition is to be treated as taking place in prescribed cases where the whole or part of any consideration comprised in the transaction in pursuance of which the goods are acquired is determined or payable periodically, or from time to time, or at the end of a period; and any such regulations may provide, in relation to any case

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to which they apply, for goods to be treated as separately and successively acquired at prescribed times or intervals.

Textual Amendments

F44 Words in s. 12(1) substituted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by 1996 c. 8, ss. 25, 26, **Sch. 3 para. 3**; S.I. 1996/1249, **art. 2**

13 Place of acquisition.

- (1) This section shall apply (subject to ^{F45}sections 18 and 18B) for determining for the purposes of this Act whether goods acquired from another member State are acquired in the United Kingdom.
- (2) The goods shall be treated as acquired in the United Kingdom if they are acquired in pursuance of a transaction which involves their removal to the United Kingdom and does not involve their removal from the United Kingdom, and (subject to the following provisions of this section) shall otherwise be treated as acquired outside the United Kingdom.
- (3) Subject to subsection (4) below, the goods shall be treated as acquired in the United Kingdom if they are acquired by a person who, for the purposes of their acquisition, makes use of a number assigned to him for the purposes of VAT in the United Kingdom.
- (4) Subsection (3) above shall not require any goods to be treated as acquired in the United Kingdom where it is established, in accordance with regulations made by the Commissioners for the purposes of this section that VAT—
 - (a) has been paid in another member State on the acquisition of those goods; and
 - (b) fell to be paid by virtue of provisions of the law of that member State corresponding, in relation to that member State, to the provision made by subsection (2) above.
- (5) The Commissioners may by regulations make provision for the purposes of this section—
 - (a) for the circumstances in which a person is to be treated as having been assigned a number for the purposes of VAT in the United Kingdom;
 - (b) for the circumstances in which a person is to be treated as having made use of such a number for the purposes of the acquisition of any goods; and
 - (c) for the refund, in prescribed circumstances, of VAT paid in the United Kingdom on acquisitions of goods in relation to which the conditions specified in subsection (4)(a) and (b) above are satisfied.

Textual Amendments

F45 Words in s. 13(1) substituted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by 1996 c. 8, ss. 25, 26, **Sch. 3 para. 4**; S.I. 1996/1249, **art. 2**

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14 Acquisitions from persons belonging in other member States.

(1) Subject to subsection (3) below, where—

- (a) a person (“the original supplier”) makes a supply of goods to a person who belongs in another member State (“the intermediate supplier”);
- (b) that supply involves the removal of the goods from another member State and their removal to the United Kingdom but does not involve the removal of the goods from the United Kingdom;
- (c) both that supply and the removal of the goods to the United Kingdom are for the purposes of the making of a supply by the intermediate supplier to another person (“the customer”) who is registered under this Act;
- (d) neither of those supplies involves the removal of the goods from a member State in which the intermediate supplier is taxable at the time of the removal without also involving the previous removal of the goods to that member State; and
- (e) there would be a taxable acquisition by the customer if the supply to him involved the removal of goods from another member State to the United Kingdom,

the supply by the original supplier to the intermediate supplier shall be disregarded for the purposes of this Act and the supply by the intermediate supplier to the customer shall be treated for the purposes of this Act, other than Schedule 3, as if it did involve the removal of the goods from another member State to the United Kingdom.

(2) Subject to subsection (3) below, where—

- (a) a person belonging in another member State makes such a supply of goods to a person who is registered under this Act as involves their installation or assembly at a place in the United Kingdom to which they are removed; and
- (b) there would be a taxable acquisition by the registered person if that supply were treated as not being a taxable supply but as involving the removal of the goods from another member State to the United Kingdom,

that supply shall be so treated except for the purposes of Schedule 3.

(3) Neither subsection (1) nor subsection (2) above shall apply in relation to any supply unless the intermediate supplier or, as the case may be, the person making the supply complies with such requirements as to the furnishing (whether before or after the supply is made) of invoices and other documents, and of information, to—

- (a) the Commissioners, and
- (b) the person supplied,

as the Commissioners may by regulations prescribe; and regulations under this subsection may provide for the times at which, and the form and manner in which, any document or information is to be furnished and for the particulars which it is to contain.

(4) Where this section has the effect of treating a taxable acquisition as having been made, section 12(1) shall apply in relation to that acquisition with the omission of the words from “whichever” to “acquisition; and” at the end of paragraph (a).

(5) For the purposes of this section a person belongs in another member State if—

- (a) he does not have any business establishment or other fixed establishment in the United Kingdom and does not have his usual place of residence in the United Kingdom;
- (b) he is neither registered under this Act nor required to be so registered;

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- (c) he does not have a VAT representative and is not for the time being required to appoint one; and
 - (d) he is taxable in another member State;
- but, in determining for the purposes of paragraph (b) above whether a person is required to be registered under this Act, there shall be disregarded any supplies which, if he did belong in another member State and complied with the requirements prescribed under subsection (3) above, would fall to be disregarded by virtue of this section.
- (6) Without prejudice to section 13(4), where—
 - (a) any goods are acquired from another member State in a case which corresponds, in relation to another member State, to the case specified in relation to the United Kingdom in subsection (1) above; and
 - (b) the person who acquires the goods is registered under this Act and would be the intermediate supplier in relation to that corresponding case,the supply to him of those goods and the supply by him of those goods to the person who would be the customer in that corresponding case shall both be disregarded for the purposes of this Act, other than the purposes of the information provisions referred to in section 92(7).
 - (7) References in this section to a person being taxable in another member State shall not include references to a person who is so taxable by virtue only of provisions of the law of another member State corresponding to the provisions of this Act by virtue of which a person who is not registered under this Act is a taxable person if he is required to be so registered.
 - (8) This section does not apply in relation to any supply of goods by an intermediate supplier to whom the goods were supplied before 1st August 1993.

Importation of goods from outside the member States

15 General provisions relating to imported goods.

- (1) For the purposes of this Act goods are imported from a place outside the member States where—
 - (a) having been removed from a place outside the member States, they enter the territory of the [^{F46}European Union] ;
 - (b) they enter that territory by being removed to the United Kingdom or are removed to the United Kingdom after entering that territory; and
 - (c) the circumstances are such that it is on their removal to the United Kingdom or subsequently while they are in the United Kingdom that any [^{F47}EU] customs debt in respect of duty on their entry into the territory of the [^{F46}European Union] would be incurred.
- (2) Accordingly—
 - (a) goods shall not be treated for the purposes of this Act as imported at any time before a [^{F47}EU] customs debt in respect of duty on their entry into the territory of the [^{F46}European Union] would be incurred, and
 - (b) the person who is to be treated for the purposes of this Act as importing any goods from a place outside the member States is the person who would be liable to discharge any such [^{F47}EU] customs debt.

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- (3) Subsections (1) and (2) above shall not apply, except in so far as the context otherwise requires or provision to the contrary is contained in regulations under section 16(1), for construing any references to importation or to an importer in any enactment or subordinate legislation applied for the purposes of this Act by section 16(1).

Textual Amendments

- F46** Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 4 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F47** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))

Modifications etc. (not altering text)

- C4** S. 15 applied (with modifications) (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 113(2), **Sch. 36 para. 34(4)** (with [Sch. 36 para. 38](#)); [S.I. 2009/404](#), art. 2

16 Application of customs enactments.

- (1) Subject to such exceptions and adaptations as the Commissioners may by regulations prescribe and except where the contrary intention appears—
- the provision made by or under the Customs and Excise Acts 1979 and the other enactments and subordinate legislation for the time being having effect generally in relation to duties of customs and excise charged on the importation of goods into the United Kingdom; and
 - the ^{F47}EU] legislation for the time being having effect in relation to ^{F47}EU] customs duties charged on goods entering the territory of the ^{F46}European Union],
- shall apply (so far as relevant) in relation to any VAT chargeable on the importation of goods from places outside the member States as they apply in relation to any such duty of customs or excise or, as the case may be, ^{F47}EU] customs duties.
- (2) Regulations under ^{F48}section 105 of the Postal Services Act 2000] (which provides for the application of customs enactments to postal packets) may make special provision in relation to VAT.

Textual Amendments

- F46** Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 4 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F47** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F48** Words in s. 16(2) substituted (26.3.2001) by [2000 c. 26](#), s. 127(4), **Sch. 8 para. 22(2)**; [S.I. 2000/2957](#), art. 2(3), **Sch. 3** (as amended by [S.I. 2001/1148](#), arts. 2, 43(1)(2), **Sch.** (with art. 34))

^{F49}16A Postal packets

- (1) The Commissioners may by regulations impose a liability to VAT on a person outside the United Kingdom in respect of the entry of goods into the United Kingdom if the person sent, or arranged for the sending of, the goods to their recipient in a postal packet (within the meaning of the Postal Services Act 2000).

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- (2) The regulations may—
 - (a) provide that a liability to VAT arises only in relation to goods of a value described in the regulations,
 - (b) provide that in cases specified in the regulations, other persons are jointly and severally liable for the VAT, and
 - (c) provide that the entry of the goods into the United Kingdom is not an importation for the purposes of this Act.
- (3) Among other provision that may be made by the regulations, the regulations may make provision—
 - (a) requiring persons to register under the regulations for the purpose of accounting for VAT imposed under the regulations,
 - (b) modifying the application of this Act in relation to cases dealt with by the regulations, and
 - (c) requiring persons to provide information to the Commissioners about the goods or the person who sent, or arranged for the sending of, the goods.
- (4) Regulations under this section may make different provision for different purposes.]

Textual Amendments

F49 S. 16A inserted (16.12.2018) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\), s. 57\(3\), Sch. 8 para. 14](#) (with [Sch. 8 para. 99](#)); [S.I. 2018/1362, reg. 2](#)

17 Free zone regulations.

- (1) This section applies in relation to VAT chargeable on the importation of goods from places outside the member States; and in this section “free zone” has the meaning given by section 100A(2) of the Management Act.
- (2) Subject to any contrary provision made by any directly applicable [F47EU] provision, goods which are chargeable with VAT may be moved into a free zone and may remain as free zone goods without payment of VAT.
- (3) The Commissioners may by regulations (“free zone regulations”) make provision with respect to the movement of goods into, and the removal of goods from, any free zone and the keeping, securing and treatment of goods which are within a free zone, and subject to any provision of the regulations, “free zone goods” means goods which are within a free zone.
- (4) Without prejudice to the generality of subsection (3), free zone regulations may make provision—
 - (a) for enabling the Commissioners to allow goods to be removed from a free zone without payment of VAT in such circumstances and subject to such conditions as they may determine;
 - (b) for determining where any VAT becomes payable in respect of goods which cease to be free zone goods—
 - (i) the rates of any VAT applicable; and
 - (ii) the time at which those goods cease to be free zone goods;
 - (c) for determining for the purpose of enabling VAT to be charged in respect of free zone goods in a case where a person wishes to pay that VAT

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- notwithstanding that the goods will continue to be free zone goods, the rate of VAT to be applied; and
- (d) permitting free zone goods to be destroyed without payment of VAT in such circumstances and subject to such conditions as the Commissioners may determine.
- (5) The Commissioners, with respect to free zone goods or the movement of goods into any free zone, may by regulations make provision—
- (a) for relief from the whole or part of any VAT chargeable on the importation of goods into the United Kingdom in such circumstances as they may determine;
- (b) in place of, or in addition to, any provision made by section 6 or any other enactment, for determining the time when a supply of goods which are or have been free zone goods is to be treated as taking place for the purposes of the charge to VAT; and
- (c) as to the treatment, for the purposes of VAT, of goods which are manufactured or produced within a free zone from other goods or which have other goods incorporated in them while they are free zone goods.

Textual Amendments

F47 Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))

Goods subject to a warehousing regime

18 Place and time of acquisition or supply.

- (1) Where—
- (a) any goods have been removed from a place outside the member States and have entered the territory of the [^{F46}European Union];
- (b) the material time for any acquisition of those goods from another member State or for any supply of those goods is while they are subject to a warehousing regime and before the duty point; and
- (c) those goods are not mixed with any dutiable goods which were produced or manufactured in the United Kingdom or acquired from another member State,
- then the acquisition or supply mentioned in paragraph (b) above shall be treated for the purposes of this Act as taking place outside the United Kingdom.

[^{F50}(1A) The Commissioners may by regulations prescribe circumstances in which subsection (1) above shall not apply.]

- (2) Subsection (3) below applies where—
- (a) any dutiable goods are acquired from another member State; or
- (b) any person makes a supply of—
- (i) any dutiable goods which were produced or manufactured in the United Kingdom or acquired from another member State; or
- (ii) any goods comprising a mixture of goods falling within subparagraph (i) above and other goods.
- (3) Where this subsection applies and the material time for the acquisition or supply mentioned in subsection (2) above is while the goods in question are subject to a

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warehousing regime and before the duty point, that acquisition or supply shall be treated for the purposes of this Act as taking place outside the United Kingdom if the material time for any subsequent supply of those goods is also while the goods are subject to the warehousing regime and before the duty point.

- (4) Where the material time for any acquisition or supply of any goods in relation to which subsection (3) above applies is while the goods are subject to a warehousing regime and before the duty point but the acquisition or supply nevertheless falls, for the purposes of this Act, to be treated as taking place in the United Kingdom—
- (a) that acquisition or supply shall be treated for the purposes of this Act as taking place at the earlier of the following times, that is to say, the time when the goods are removed from the warehousing regime and the duty point; and
 - (b) in the case of a supply, any VAT payable on the supply shall be paid (subject to any regulations under subsection (5) below)—
 - (i) at the time when the supply is treated as taking place under paragraph (a) above; and
 - (ii) by the person by whom the goods are so removed or, as the case may be, together with the duty or agricultural levy, by the person who is required to pay the duty or levy.

[^{F51}(5) The Commissioners may by regulations make provision for enabling a taxable person to pay the VAT he is required to pay by virtue of paragraph (b) of subsection (4) above at a time later than that provided for by that paragraph.

- (5A) Regulations under subsection (5) above may in particular make provision for either or both of the following—
- (a) for the taxable person to pay the VAT together with the VAT chargeable on other supplies by him of goods and services;
 - (b) for the taxable person to pay the VAT together with any duty of excise deferment of which has been granted to him under section 127A of the ^{M1}Customs and Excise Management Act 1979;

and they may make different provision for different descriptions of taxable person and for different descriptions of goods.]

- (6) In this section—
- “dutiable goods” means any goods which are subject—
 - (a) to a duty of excise; or
 - (b) in accordance with any provision for the time being having effect for transitional purposes in connection with the accession of any State to the [^{F46}European Union], to any [^{F47}EU] customs duty or agricultural levy of the [^{F46}European Union];
 - “the duty point”, in relation to any goods, means—
 - (a) in the case of goods which are subject to a duty of excise, the time when the requirement to pay the duty on those goods takes effect; and
 - (b) in the case of goods which are not so subject, the time when any [^{F47}EU] customs debt in respect of duty on the entry of the goods into the territory of the [^{F46}European Union] would be incurred or, as the case may be, the corresponding time in relation to any such duty or levy as is mentioned in paragraph (b) of the definition of dutiable goods;
 - “material time”—
 - (a) in relation to any acquisition or supply the time of which is determined in accordance with regulations under section 6(14) or 12(3), means

Status: Point in time view as at 28/01/2019.

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such time as may be prescribed for the purpose of this section by those regulations;

- (b) in relation to any other acquisition, means the time of the event which, in relation to the acquisition, is the first relevant event for the purposes of taxing it; and
- (c) in relation to any other supply, means the time when the supply would be treated as taking place in accordance with subsection (2) of section 6 if paragraph (c) of that subsection were omitted;

“warehouse” means any warehouse where goods may be stored in any member State without payment of any one or more of the following, that is to say—

- (a) [^{F47}EU] customs duty;
- (b) any agricultural levy of the [^{F46}European Union];
- (c) VAT on the importation of the goods into any member State;
- (d) any duty of excise or any duty which is equivalent in another member State to a duty of excise.

- (7) References in this section to goods being subject to a warehousing regime is a reference to goods being kept in a warehouse or being transported between warehouses (whether in the same or different member States) without the payment in a member State of any duty, levy or VAT; and references to the removal of goods from a warehousing regime shall be construed accordingly.

Textual Amendments

- F46** Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 4 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F47** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F50** S. 18(1A) inserted (20.7.2005) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 1
- F51** S. 18(5)(5A) substituted (1.5.1995) for s. 18(5) by [1995 c. 4](#), s. 29

Marginal Citations

- M1** [1979 c. 2](#).

[^{F52}18A Fiscal warehousing.

- (1) The Commissioners may, if it appears to them proper, upon application approve any registered person as a fiscal warehousekeeper; and such approval shall be subject to such conditions as they shall impose.
- (2) Subject to those conditions and to regulations made under section 18F such a person shall be entitled to keep a fiscal warehouse.
- (3) “Fiscal warehouse” means such place in the United Kingdom in the occupation or under the control of the fiscal warehousekeeper, not being retail premises, as he shall notify to the Commissioners in writing; and such a place shall become a fiscal warehouse on receipt by the Commissioners of that notification or on the date stated in it as the date from which it is to have effect, whichever is the later, and, subject to subsection (6) below, shall remain a fiscal warehouse so long as it is in the occupation or under the control of the fiscal warehousekeeper or until he shall notify the Commissioners in writing that it is to cease to be a fiscal warehouse.

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (4) The Commissioners may in considering an application by a person to be a fiscal warehousekeeper take into account any matter which they consider relevant, and may without prejudice to the generality of that provision take into account all or any one or more of the following—
- (a) his record of compliance and ability to comply with the requirements of this Act and regulations made hereunder;
 - (b) his record of compliance and ability to comply with the requirements of the customs and excise Acts (as defined in the Management Act) and regulations made thereunder;
 - (c) his record of compliance and ability to comply with [F47EU] customs provisions;
 - (d) his record of compliance and ability to comply with the requirements of other member States relating to VAT and duties equivalent to duties of excise;
 - (e) if the applicant is a company the records of compliance and ability to comply with the matters set out at (a) to (d) above of its directors, persons connected with its directors, its managing officers, any shadow directors or any of those persons, and, if it is a close company, the records of compliance and ability to comply with the matters set out at (a) to (d) above of the beneficial owners of the shares of the company or any of them; and
 - (f) if the applicant is an individual the records of compliance and ability to comply with the matters set out at (a) to (d) above of any company of which he is or has been a director, managing officer or shadow director or, in the case of a close company, a shareholder or the beneficial owner of shares,
- and for the purposes of paragraphs (e) and (f) “connected” shall have the meaning given by section 24(7), “managing officer” the meaning given by section 61(6), “shadow director” the meaning given by [F53section 251 of the Companies Act 2006] and “close company” the meaning given by the Taxes Act.
- (5) Subject to subsection (6) below, a person approved under subsection (1) shall remain a fiscal warehousekeeper until he ceases to be a registered person or until he shall notify the Commissioners in writing that he is to cease to be a fiscal warehousekeeper.
- (6) The Commissioners may if they consider it appropriate from time to time—
- (a) impose conditions on a fiscal warehousekeeper in addition to those conditions, if any, which they imposed under subsection (1), and vary or revoke any conditions previously imposed;
 - (b) withdraw approval of any person as a fiscal warehousekeeper, and
 - (c) withdraw fiscal warehouse status from any premises.
- (7) Any application by or on behalf of a person to be a fiscal warehousekeeper shall be in writing in such form as the Commissioners may direct and shall be accompanied by such information as they shall require.
- (8) Any approval by the Commissioners under subsection (1) above, and any withdrawal of approval or other act by them under subsection (6) above, shall be notified by them to the fiscal warehousekeeper in writing and shall take effect on such notification being made or on any later date specified for the purpose in the notification.
- (9) Without prejudice to the provisions of section 43 concerning liability for VAT, in subsections (1) and (2) above “registered person” includes any body corporate which under that section is for the time being treated as a member of a group.]

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Textual Amendments

- F47** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F52** S. 18A inserted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by 1996 c. 8, ss. 25, 26, [Sch. 3 para. 5](#); S.I. 1996/1249, [art. 2](#)
- F53** Words in s. 18A(4) substituted (1.10.2007) by [The Companies Act 2006 \(Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings\) Order 2007 \(S.I. 2007/2194\)](#), art. 1(3)(a), [Sch. 4 para. 85](#) (with art. 12)

[^{F54}18B Fiscally warehoused goods: relief.

- (1) Subsections (3) and (4) below apply where—
- (a) there is an acquisition of goods from another member State;
 - (b) those goods are eligible goods;
 - (c) either—
 - (i) the acquisition takes place while the goods are subject to a fiscal warehousing regime; or
 - (ii) after the acquisition but before the supply, if any, of those goods which next occurs, the acquirer causes the goods to be placed in a fiscal warehousing regime; and
 - (d) the acquirer, not later than the time of the acquisition, prepares and keeps a certificate that the goods are subject to a fiscal warehousing regime, or (as the case may be) that he will cause paragraph (c)(ii) above to be satisfied; and the certificate shall ^{F55}... be kept for such period as the Commissioners may by regulations specify.
- (2) Subsections (3) and (4) below also apply where—
- (a) there is a supply of goods;
 - (b) those goods are eligible goods;
 - (c) either—
 - (i) that supply takes place while the goods are subject to a fiscal warehousing regime; or
 - (ii) after that supply but before the supply, if any, of those goods which next occurs, the person to whom the former supply is made causes the goods to be placed in a fiscal warehousing regime;
 - (d) in a case falling within paragraph (c)(ii) above, the person to whom the supply is made gives the supplier, not later than the time of the supply, a certificate ^{F56}... that he will cause paragraph (c)(ii) to be satisfied; and
 - (e) the supply is not a retail transaction.

[A certificate under subsection (1)(d) or (2)(d) must be in such form as may be specified ^{F57}(2A) by regulations or by the Commissioners in accordance with regulations.]

- (3) The acquisition or supply in question shall be treated for the purposes of this Act as taking place outside the United Kingdom if any subsequent supply of those goods is while they are subject to the fiscal warehousing regime.
- (4) Where subsection (3) does not apply and the acquisition or supply in question falls, for the purposes of this Act, to be treated as taking place in the United Kingdom, that

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acquisition or supply shall be treated for the purposes of this Act as taking place when the goods are removed from the fiscal warehousing regime.

(5) Where—

- (a) subsection (4) above applies to an acquisition or a supply,
- (b) the acquisition or supply is taxable and not zero-rated, and
- (c) the acquirer or supplier is not a taxable person but would be were it not for paragraph 1(9) of Schedule 1, paragraph 1(7) of Schedule 2 and paragraph 1(6) of Schedule 3, or any of those provisions,

VAT shall be chargeable on that acquisition or supply notwithstanding that the acquirer or the supplier is not a taxable person.

(6) In this section “eligible goods” means goods—

- (a) of a description falling within Schedule 5A;
- (b) upon which any import duties, as defined in article 4(10) of the Community Customs Code of 12th October 1992 (Council Regulation (EEC) No.2913/92), either have been paid or have been deferred under article 224 of that Code or regulations made under section 45 of the Management Act;
- (c) (in the case of goods imported from a place outside the member States) upon which any VAT chargeable under section 1(1)(c) has been either paid or deferred in accordance with [F47EU] customs provisions, and
- (d) (in the case of goods subject to a duty of excise) upon which that duty has been either paid or deferred under section 127A of the Management Act.

(7) For the purposes of this section, apart from subsection (4), an acquisition or supply shall be treated as taking place at the material time for the acquisition or supply.

(8) The Treasury may by order vary Schedule 5A by adding to or deleting from it any goods or varying any description of any goods.]

Textual Amendments

- F47** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F54** S. 18B inserted (29.4.1996 for certain purposes and 1.6.1996 otherwise with application to any acquisition of goods from another member State and any supply taking place on or after 1.6.1996) by [1996 c. 8, ss. 25, 26, Sch. 3 para. 5; S.I. 1996/1249, art. 2](#)
- F55** Words in s. 18B(1)(d) omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\), Sch. 29 para. 2\(2\)](#)
- F56** Words in s. 18B(2)(d) omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\), Sch. 29 para. 2\(3\)](#)
- F57** S. 18B(2A) inserted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 29 para. 2\(4\)](#)

[F58] 18C Warehouses and fiscal warehouses: services.

(1) Where—

- (a) a taxable person makes a supply of specified services;
- (b) those services are wholly performed on or in relation to goods while those goods are subject to a warehousing or fiscal warehousing regime;
- (c) (except where the services are the supply by an occupier of a warehouse or a fiscal warehousekeeper of warehousing or fiscally warehousing the goods) the person to whom the supply is made gives the supplier a certificate ^{F59}... that the services are so performed;

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- (d) the supply of services would (apart from this section) be taxable and not zero-rated; and
- (e) the supplier issues to the person to whom the supply is made an invoice of such a description as the Commissioners may by regulations prescribe, his supply shall be zero-rated.

[A certificate under subsection (1)(c) must be in such form as may be specified by ^{F60}(1A) regulations or by the Commissioners in accordance with regulations.]

- (2) If a supply of services is zero-rated under subsection (1) above (“the zero-rated supply of services”) then, unless there is a supply of the goods in question the material time for which is—
 - (a) while the goods are subject to a warehousing or fiscal warehousing regime, and
 - (b) after the material time for the zero-rated supply of services, subsection (3) below shall apply.
- (3) Where this subsection applies—
 - (a) a supply of services identical to the zero-rated supply of services shall be treated for the purposes of this Act as being, at the time the goods are removed from the warehousing or fiscal warehousing regime or (if earlier) at the duty point, both made (for the purposes of his business) to the person to whom the zero-rated supply of services was actually made and made by him in the course or furtherance of his business,
 - (b) that supply shall have the same value as the zero-rated supply of services,
 - (c) that supply shall be a taxable (and not a zero-rated) supply, and
 - (d) VAT shall be charged on that supply even if the person treated as making it is not a taxable person.
- (4) In this section “specified services” means—
 - (a) services of an occupier of a warehouse or a fiscal warehousekeeper of keeping the goods in question in a warehousing or fiscal warehousing regime;
 - (b) in relation to goods subject to a warehousing regime, services of carrying out on the goods operations which are permitted to be carried out under [^{F47}EU] customs provisions or warehousing regulations as the case may be; and
 - (c) in relation to goods subject to a fiscal warehousing regime, services of carrying out on the goods any physical operations (other than any prohibited by regulations made under section 18F), for example, and without prejudice to the generality of the foregoing words, preservation and repacking operations.]

Textual Amendments

- F47** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F58** S. 18C inserted (29.4.1996 for certain purposes and 1.6.1996 otherwise with application to any acquisition of goods from another member State and any supply taking place on or after that day) by [1996 c. 8](#), ss. 25, 26, Sch. 3 para. 5; [S.I. 1996/1249](#), art. 2
- F59** Words in s. 18C(1)(c) omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 29 para. 3\(2\)](#)
- F60** S. 18C(1A) inserted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 29 para. 3\(3\)](#)

Status: Point in time view as at 28/01/2019.

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[^{F61}18D Removal from warehousing: accountability.

- (1) This section applies to any supply to which section 18B(4) or section 18C(3) applies (supply treated as taking place on removal or duty point) and any acquisition to which section 18B(5) applies (acquisition treated as taking place on removal where acquirer not a taxable person).
- (2) Any VAT payable on the supply or acquisition shall (subject to any regulations under subsection (3) below) be paid—
 - (a) at the time when the supply or acquisition is treated as taking place under the section in question; and
 - (b) by the person by whom the goods are removed or, as the case may be, together with the excise duty, by the person who is required to pay that duty.
- (3) The Commissioners may by regulations make provision for enabling a taxable person to pay the VAT he is required to pay by virtue of subsection (2) above at a time later than that provided by that subsection; and they may make different provisions for different descriptions of taxable persons and for different descriptions of goods and services.]

Textual Amendments

- F61** S. 18D inserted (29.4.1996 for specified purposes otherwise 1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after 1.6.1996) by 1996 c. 8, ss. 25, 26, [Sch. 3 para. 5](#); S.I. 1996/1249, [art. 2](#)

[^{F62}18E Deficiency in fiscally warehoused goods.

- (1) This section applies where goods have been subject to a fiscal warehousing regime and, before being lawfully removed from the fiscal warehouse, they are found to be missing or deficient.
- (2) In any case where this section applies, unless it is shown to the satisfaction of the Commissioners that the absence of or deficiency in the goods can be accounted for by natural waste or other legitimate cause, the Commissioners may require the fiscal warehousekeeper to pay immediately in respect of the missing goods or of the whole or any part of the deficiency, as they see fit, the VAT that would have been chargeable.
- (3) In subsection (2) “VAT that would have been chargeable” means VAT that would have been chargeable on a supply of the missing goods, or the amount of goods by which the goods are deficient, taking place at the time immediately before the absence arose or the deficiency occurred, if the value of that supply were the open market value; but where that time cannot be ascertained to the Commissioners’ satisfaction, that VAT shall be the greater of the amounts of VAT which would have been chargeable on a supply of those goods—
 - (a) if the value of that supply were the highest open market value during the period (the relevant period) commencing when the goods were placed in the fiscal warehousing regime and ending when the absence or deficiency came to the notice of the Commissioners, or
 - (b) if the rate of VAT chargeable on that supply were the highest rate chargeable on a supply of such goods during the relevant period and the value of that supply were the highest open market value while that rate prevailed.

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- (4) This section has effect without prejudice to any penalty incurred under any other provision of this Act or regulations made under it.]

Textual Amendments

F62 S. 18E inserted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by 1996 c. 8, ss. 25, 26, **Sch. 3 para. 5**; S.I. 1996/1249, **art. 2**

[^{F63}18F Sections 18A to 18E: supplementary.

- (1) In sections 18A to 18E and this section—
- “duty point” has the meaning given by section 18(6);
 - “eligible goods” has the meaning given by section 18B(6);
 - “fiscal warehouse” means a place notified to the Commissioners under section 18A(3) and from which such status has not been withdrawn;
 - “fiscal warehousekeeper” means a person approved under section 18A(1);
 - “material time”—
 - (a) in relation to any acquisition or supply the time of which is determined in accordance with regulations under section 6(14) or 12(3), means such time as may be prescribed for the purpose of this section by those regulations;
 - (b) in relation to any other acquisition, means the time when the goods reach the destination to which they are despatched from the member State in question;
 - (c) in relation to any other supply of goods, means the time when the supply would be treated as taking place in accordance with subsection (2) of section 6 if paragraph (c) of that subsection were omitted; and
 - (d) in relation to any other supply of services, means the time when the services are performed;
 - “warehouse”, except in the expression “fiscal warehouse”, has the meaning given by section 18(6);
 - “warehousing regulations” has the same meaning as in the Management Act.
- (2) Any reference in sections 18A to 18E or this section to goods being subject to a fiscal warehousing regime is, subject to any regulations made under subsection (8)(e) below, a reference to eligible goods being kept in a fiscal warehouse or being transferred between fiscal warehouses in accordance with such regulations; and any reference to the removal of goods from a fiscal warehousing regime shall be construed accordingly.
- (3) Subject to subsection (2) above, any reference in sections 18C and 18D to goods being subject to a warehousing regime or to the removal of goods from a warehousing regime shall have the same meaning as in section 18(7).
- (4) Where as a result of an operation on eligible goods subject to a fiscal warehousing regime they change their nature but the resulting goods are also eligible goods, the

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provisions of sections 18B to 18E and this section shall apply as if the resulting goods were the original goods.

- (5) Where as a result of an operation on eligible goods subject to a fiscal warehousing regime they cease to be eligible goods, on their ceasing to be so sections 18B to 18E shall apply as if they had at that time been removed from the fiscal warehousing regime; and for that purpose the proprietor of the goods shall be treated as if he were the person removing them.
- (6) Where—
- (a) any person ceases to be a fiscal warehousekeeper; or
 - (b) any premises cease to have fiscal warehouse status,
- sections 18B to 18E and this section shall apply as if the goods of which he is the fiscal warehousekeeper, or the goods in the fiscal warehouse, as the case may be, had at that time been removed from the fiscal warehousing regime; and for that purpose the proprietor of the goods shall be treated as if he were the person removing them.
- (7) The Commissioners may make regulations governing the deposit, keeping, securing and treatment of goods in a fiscal warehouse, and the removal of goods from a fiscal warehouse.
- (8) Regulations may, without prejudice to the generality of subsection (7) above, include provisions—
- (a) in relation to—
 - (i) goods which are, have been or are to be subject to a fiscal warehousing regime,
 - (ii) other goods which are, have been or are to be kept in fiscal warehouses,
 - (iii) fiscal warehouse premises, and
 - (iv) fiscal warehousekeepers and their businesses,as to the keeping, preservation and production of records and the furnishing of returns and information by fiscal warehousekeepers and any other persons;
 - (b) requiring goods deposited in a fiscal warehouse to be produced to or made available for inspection by an authorised person on request by him;
 - (c) prohibiting the carrying out on fiscally warehoused goods of such operations as they may prescribe;
 - (d) regulating the transfer of goods from one fiscal warehouse to another;
 - (e) concerning goods which, though kept in a fiscal warehouse, are not eligible goods or are not intended by a relevant person to be goods in respect of which reliefs are to be enjoyed under sections 18A to 18E and this section;
 - (f) prohibiting the fiscal warehousekeeper from allowing goods to be removed from the fiscal warehousing regime without payment of any VAT payable under section 18D on or by reference to that removal and, if in breach of that prohibition he allows goods to be so removed, making him liable for the VAT jointly and severally with the remover,
- and may contain such incidental or supplementary provisions as the Commissioners think necessary or expedient.
- (9) Regulations may make different provision for different cases, including different provision for different fiscal warehousekeepers or descriptions of fiscal warehousekeeper, for fiscal warehouses of different descriptions or for goods of

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different classes or descriptions or of the same class or description in different circumstances.]

Textual Amendments

- F63** S. 18F inserted (29.4.1996 for specified purposes otherwise 1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after 1.6.1996) by 1996 c. 8, ss. 25, 26, **Sch. 3 para. 5**; S.I. 1996/1249, **art. 2**

Determination of value

19 Value of supply of goods or services.

- (1) For the purposes of this Act the value of any supply of goods or services shall, except as otherwise provided by or under this Act, be determined in accordance with this section and Schedule 6, and for those purposes subsections (2) to (4) below have effect subject to that Schedule.
- (2) If the supply is for a consideration in money its value shall be taken to be such amount as, with the addition of the VAT chargeable, is equal to the consideration.
- (3) If the supply is for a consideration not consisting or not wholly consisting of money, its value shall be taken to be such amount in money as, with the addition of the VAT chargeable, is equivalent to the consideration.
- (4) Where a supply of any goods or services is not the only matter to which a consideration in money relates, the supply shall be deemed to be for such part of the consideration as is properly attributable to it.
- (5) For the purposes of this Act the open market value of a supply of goods or services shall be taken to be the amount that would fall to be taken as its value under subsection (2) above if the supply were for such consideration in money as would be payable by a person standing in no such relationship with any person as would affect that consideration.

Modifications etc. (not altering text)

- C5** S. 19(5) modified (20.10.1995) by S.I. 1995/2518, **reg. 77**

20 Valuation of acquisitions from other member States.

- (1) [^{F64}Subject to section 18C,]for the purposes of this Act the value of any acquisition of goods from another member State shall be taken to be the value of the transaction in pursuance of which they are acquired.
- (2) Where goods are acquired from another member State otherwise than in pursuance of a taxable supply, the value of the transaction in pursuance of which they are acquired shall be determined for the purposes of subsection (1) above in accordance with this section and Schedule 7, and for those purposes—
 - (a) subsections (3) to (5) below have effect subject to that Schedule; and
 - (b) section 19 and Schedule 6 shall not apply in relation to the transaction.

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (3) If the transaction is for a consideration in money, its value shall be taken to be such amount as is equal to the consideration.
- (4) If the transaction is for a consideration not consisting or not wholly consisting of money, its value shall be taken to be such amount in money as is equivalent to the consideration.
- (5) Where a transaction in pursuance of which goods are acquired from another member State is not the only matter to which a consideration in money relates, the transaction shall be deemed to be for such part of the consideration as is properly attributable to it.

Textual Amendments

F64 Words in s. 20(1) inserted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by 1996 c. 8, ss. 25, 26, **Sch. 3 para. 6; S.I. 1996/1249, art. 2**

21 Value of imported goods.

- (1) For the purposes of this Act, the value of goods imported from a place outside the member States shall (subject to subsections (2) [^{F65}to (4)] below) be determined according to the rules applicable in the case of [^{F47}EU] customs duties, whether or not the goods in question are subject to any such duties.
- (2) For the purposes of this Act the value of any goods imported from a place outside the member States shall [^{F66}(subject to subsection (2A) below)] be taken to include the following so far as they are not already included in that value in accordance with the rules mentioned in subsection (1) above, that is to say—
 - (a) all taxes, duties and other charges levied either outside or, by reason of importation, within the United Kingdom (except VAT); ^{F67} . . .
 - [^{F68}(b) all incidental expenses, such as commission, packing, transport and insurance costs, up to the goods' first destination in the United Kingdom; and
 - (c) if at the time of the importation of the goods from a place outside the member States a further destination for the goods is known, and that destination is within the United Kingdom or another member State, all such incidental expenses in so far as they result from the transport of the goods to that other destination;

and in this subsection “the goods’ first destination” means the place mentioned on the consignment note or any other document by means of which the goods are imported into the United Kingdom, or in the absence of such documentation it means the place of the first transfer of cargo in the United Kingdom.]

[^{F69}(2A) Where—

- (a) any goods falling within subsection (5) below are sold by auction at a time when they are subject to the procedure specified in subsection (2B) below, and
- (b) arrangements made by or on behalf of the purchaser of the goods following the sale by auction result in the importation of the goods from a place outside the member States,

the value of the goods shall not be taken for the purposes of this Act to include, in relation to that importation, any commission or premium payable to the auctioneer in connection with the sale of the goods.

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(2B) That procedure is the customs procedure for temporary importation with total relief from import duties provided for in Articles 137 to 141 of Council Regulation 2913/92/EEC establishing the Community Customs Code.]

(3) Subject to subsection (2) above, where—

- (a) goods are imported from a place outside the member States for a consideration which is or includes a price in money payable as on the transfer of property;
- (b) the terms on which those goods are so imported allow a discount for prompt payment of that price;
- (c) those terms do not include provision for payment of that price by instalments; and
- (d) payment of that price is made in accordance with those terms so that the discount falls to be allowed,

the value of the goods shall be taken for the purposes of this Act to be reduced by the amount of the discount.

[^{F70}(4) [^{F71}Subject to subsection (6D) below,] For the purposes of this Act, the value of any goods falling within subsection (5) below which are imported from a place outside the member States shall be taken to be an amount equal to [^{F72}25 per cent] of the amount which, apart from this subsection, would be their value for those purposes.

^{F73}[The goods that fall within this subsection are—

- (5) (a) any work of art;
- (b) any antique, not falling within paragraph (a) above or (c) below, that is more than one hundred years old;
- (c) any collection or collector's piece that is of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic, numismatic or philatelic interest.

(6) In this section “work of art” means, subject to subsections (6A) and (6B) below—

- (a) any mounted or unmounted painting, drawing, collage, decorative plaque or similar picture that was executed by hand;
- (b) any original engraving, lithograph or other print which—
 - (i) was produced from one or more plates executed by hand by an individual who executed them without using any mechanical or photomechanical process; and
 - (ii) either is the only one produced from the plate or plates or is comprised in a limited edition;
- (c) any original sculpture or statuary, in any material;
- (d) any sculpture cast which—
 - (i) was produced by or under the supervision of the individual who made the mould or became entitled to it by succession on the death of that individual; and
 - (ii) either is the only cast produced from the mould or is comprised in a limited edition;
- (e) any tapestry or other hanging which—
 - (i) was made by hand from an original design; and
 - (ii) either is the only one made from the design or is comprised in a limited edition;
- (f) any ceramic executed by an individual and signed by him;

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- (g) any enamel on copper which—
 - (i) was executed by hand;
 - (ii) is signed either by the person who executed it or by someone on behalf of the studio where it was executed;
 - (iii) either is the only one made from the design in question or is comprised in a limited edition; and
 - (iv) is not comprised in an article of jewellery or an article of a kind produced by goldsmiths or silversmiths;
 - (h) any mounted or unmounted photograph which—
 - (i) was printed by or under the supervision of the photographer;
 - (ii) is signed by him; and
 - (iii) either is the only print made from the exposure in question or is comprised in a limited edition;
- (6A) The following do not fall within subsection (5) above by virtue of subsection (6)(a) above, that is to say—
- (a) any technical drawing, map or plan;
 - (b) any picture comprised in a manufactured article that has been hand-decorated; or
 - (c) anything in the nature of scenery, including a backcloth.
- (6B) An item comprised in a limited edition shall be taken to be so comprised for the purposes of subsection (6)(d) to (h) above only if—
- (a) in the case of sculpture casts—
 - (i) the edition is limited so that the number produced from the same mould does not exceed eight; or
 - (ii) the edition comprises a limited edition of nine or more casts made before 1st January 1989 which the Commissioners have directed should be treated, in the exceptional circumstances of the case, as a limited edition for the purposes of subsection (6)(d) above;
 - (b) in the case of tapestries and hangings, the edition is limited so that the number produced from the same design does not exceed eight;
 - (c) in the case of enamels on copper—
 - (i) the edition is limited so that the number produced from the same design does not exceed eight; and
 - (ii) each of the enamels in the edition is numbered and is signed as mentioned in subsection (6)(g)(ii) above;
 - (d) in the case of photographs—
 - (i) the edition is limited so that the number produced from the same exposure does not exceed thirty; and
 - (ii) each of the prints in the edition is numbered and is signed as mentioned in subsection (6)(h)(ii) above.
- (6C) For the purposes of this section a collector's piece is of philatelic interest if—
- (a) it is a postage or revenue stamp, a postmark, a first-day cover or an item of pre-stamped stationery; and
 - (b) it is franked or (if unfranked) it is not legal tender and is not intended for use as such.

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- (6D) Subsection (4) above does not apply in the case of any goods imported from outside the member States if—
- (a) the whole of the VAT chargeable on their importation falls to be relieved by virtue of an order under section 37(1); or
 - (b) they were exported from the United Kingdom during the period of twelve months ending with the date of their importation [^{F74}in circumstances where the exportation and subsequent importation were effected to obtain the benefit of that subsection].]
- (7) An order under section 2(2) may contain provision making such alteration of the percentage for the time being specified in subsection (4) above as the Treasury consider appropriate in consequence of any increase or decrease by that order of the rate of VAT.]

Textual Amendments

- F47** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F65** Words in s. 21(1) substituted (1.5.1995 with effect as mentioned in s. 22(2) of the amending Act) by [1995 c. 4, s. 22\(1\)](#)
- F66** Words in s. 21(2) inserted (1.9.2006) by [Finance Act 2006 \(c. 25\)](#), s. 18(2)(4); S.I. 2006/2149, art. 2
- F67** Word in s. 21(2)(a) repealed (29.4.1996 with effect in relation to goods imported on or after 1.1.1996) by [1996 c. 8, ss. 27\(2\)\(4\), 205](#), [Sch. 41 Pt. IV\(3\)](#) Note
- F68** S. 21(2)(b)(c) substituted (29.4.1996 with effect in relation to goods imported on or after 1.1.1996) for s. 21(2)(b) by [1996 c. 8, s. 27\(3\)\(4\)](#)
- F69** S. 21(2A)(2B) inserted (1.9.2006) by [Finance Act 2006 \(c. 25\)](#), s. 18(3)(4); S.I. 2006/2149, art. 2
- F70** S. 21(4)-(7) inserted (1.5.1995 with effect as mentioned in s. 22(2) of the amending Act) by [1995 c. 4, s. 22\(1\)](#)
- F71** Words in s.21(4) inserted (27.7.1999 with effect as mentioned in s. 12(3) of the amending Act) by [1999 c. 16, s. 12\(1\)\(a\)](#)
- F72** Words in s. 21(4) substituted (27.7.2010) by [Finance \(No. 2\) Act 2010 \(c. 31\)](#), s. 3(2)
- F73** S. 21(5)-(6D) substituted (27.7.1999 with effect as mentioned in s. 12(3) of the amending Act) for s. 21(5)(6) by [1999 c. 16, s. 12\(2\)](#)
- F74** Words in s. 21(6D)(b) inserted (with effect in accordance with art. 17(2) of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2009 \(S.I. 2009/730\)](#), arts. 1(1), 17(1)

^{F75}22

Textual Amendments

- F75** S. 22 repealed (29.4.1996 with application in relation to supplies made on or after 1.1.1996) by [1996 c. 8, ss. 28, 205](#), [Sch. 41 Pt. IV\(2\)](#)

[^{F76}23 Value of supplies involving relevant machine games

- (1) If a person plays a relevant machine game, then for the purposes of VAT the amount paid by the person is to be treated as consideration for a supply of services to that person.

Status: Point in time view as at 28/01/2019.

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- (2) “Relevant machine game” is defined in section 23A.
- (3) The value to be taken as the value of supplies made by a person (“the supplier”) in the circumstances mentioned in subsection (1) in any period is to be determined as if the consideration for the supplies were reduced by an amount equal to X.
- (4) X is the amount (if any) paid out in that period by way of winnings in respect of relevant machine games made available by the supplier (whether the games were played in the same period or an earlier one).
- (5) X does not include any winnings paid out to the supplier or a person acting on the supplier's behalf.
- (6) Inserting a token into a machine on which a relevant machine game is played is to be treated for the purposes of subsection (1) as the payment of an amount equal to that for which the token can be obtained.
- (7) Providing a specified kind of token by way of winnings is to be treated for the purposes of subsection (4) as the payment out of an amount by way of winnings equal to the value of the token.
- (8) A specified kind of token is—
 - (a) a token that can be inserted into the same machine to enable games to be played on the machine, or
 - (b) a token that is not of such a kind but can be exchanged for money.
- (9) The value of a specified kind of token is—
 - (a) for a token within subsection (8)(a), an amount equal to that for which the token can be obtained, and
 - (b) for a token within subsection (8)(b), an amount equal to that for which the token can be exchanged.
- (10) If it is not reasonably practicable to attribute payments and winnings to relevant machine games or to apportion them between relevant machine games and other games or other activities, any attribution or apportionment is to be done on a just and reasonable basis.
- (11) For the purposes of this section, a person plays a game if the person participates in the game—
 - (a) whether or not there are other participants in the game, and
 - (b) whether or not a computer generates images or data taken to represent the actions of other participants in the game.

Textual Amendments

F76 Ss. 23, 23A substituted for s. 23 (with effect in accordance with Sch. 24 para. 66(4) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 24 para. 63](#)

23A Meaning of “relevant machine game”

- (1) A “relevant machine game” is a game (whether of skill or chance or both) that—
 - (a) is played on a machine for a prize, and
 - (b) is not excluded by subsection (2).

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- (2) A game is excluded by this subsection if—
- (a) takings and payouts in respect of it are taken into account in determining any charge to machine games duty,
 - (b) it involves betting on future real events,
 - (c) bingo duty is charged on the playing of it or would be so charged but for paragraphs 1 to 5 of Schedule 3 to the Betting and Gaming Duties Act 1981 (exemptions from bingo duty),
 - (d) lottery duty is charged on the taking of a ticket or chance in it or would be so charged but for an express exception,
 - (e) it is a real game of chance and playing it amounts to dutiable gaming for the purposes of section 10 of the Finance Act 1997 or would do so but for subsection (3), (3B) or (4) of that section, or
 - (f) playing it amounts to remote gaming within the meaning of [F77 section 154(1) of the Finance Act 2014 (meaning of remote gaming)].
- (3) In this section—
- “game” does not include a sport;
- “machine” means any apparatus that uses or applies mechanical power, electrical power or both;
- “prize”, in relation to a game, does not include the opportunity to play the game again;
- “real game of chance” means a game of chance (within the meaning of [F78 Part 3 of the Finance Act 2014 (see section 188(1)(b))]) that is non-virtual.
- (4) The Treasury may by order amend this section.]

Textual Amendments

- F76** Ss. 23, 23A substituted for s. 23 (with effect in accordance with Sch. 24 para. 66(4) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 24 para. 63](#)
- F77** Words in s. 23A(2)(f) substituted (1.12.2014) by [Finance Act 2014 \(c. 26\)](#), s. 198(2)(c), [Sch. 28 para. 19\(2\)](#) (with [Sch. 29](#))
- F78** Words in s. 23A(3) substituted (1.12.2014) by [Finance Act 2014 \(c. 26\)](#), s. 198(2)(c), [Sch. 28 para. 19\(3\)](#) (with [Sch. 29](#))

Payment of VAT by taxable persons

24 Input tax and output tax.

- (1) Subject to the following provisions of this section, “input tax”, in relation to a taxable person, means the following tax, that is to say—
- (a) VAT on the supply to him of any goods or services;
 - (b) VAT on the acquisition by him from another member State of any goods; and
 - (c) VAT paid or payable by him on the importation of any goods from a place outside the member States,
- being (in each case) goods or services used or to be used for the purpose of any business carried on or to be carried on by him.

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(2) Subject to the following provisions of this section, “output tax”, in relation to a taxable person, means VAT on supplies which he makes or on the acquisition by him from another member State of goods (including VAT which is also to be counted as input tax by virtue of subsection (1)(b) above).

^{F79}(3)

(4) The Treasury may by order provide with respect to any description of goods or services that, where goods or services of that description are supplied to a person who is not a taxable person, they shall, in such circumstances as may be specified in the order, be treated for the purposes of subsections (1) and (2) above as supplied to such other person as may be determined in accordance with the order.

(5) Where goods or services supplied to a taxable person, goods acquired by a taxable person from another member State or goods imported by a taxable person from a place outside the member States are used or to be used partly for the purposes of a business carried on or to be carried on by him and partly for other purposes ^{F80}—

(a) VAT on supplies, acquisitions and importations shall be apportioned so that so much as is referable to the taxable person's business purposes is counted as that person's input tax, and

(b) the remainder of that VAT (“the non-business VAT”) shall count as that person's input tax only to the extent (if any) provided for by regulations under subsection (6)(e).]

^{F81}(5A) For the purposes of subsections (1) and (5), a relevant asset held for the purposes of a business carried on or to be carried on by a taxable person is not, in any circumstances, to be regarded as used or to be used for the purposes of the business if, and to the extent that, it is used or to be used for that person's private use or the private use of that person's staff.

(5B) In subsection (5A) “relevant asset” means—

- (a) any interest in land,
- (b) any building or part of a building,
- (c) any civil engineering work or part of such a work,
- (d) any goods incorporated or to be incorporated in a building or civil engineering work (whether by being installed as fixtures or fittings or otherwise),
- (e) any ship, boat or other vessel, or
- (f) any aircraft.]

(6) Regulations may provide—

(a) for VAT on the supply of goods or services to a taxable person, VAT on the acquisition of goods by a taxable person from other member States and VAT paid or payable by a taxable person on the importation of goods from places outside the member States to be treated as his input tax only if and to the extent that the charge to VAT is evidenced and quantified by reference to such documents ^{F82}or other information] as may be specified in the regulations or the Commissioners may direct either generally or in particular cases or classes of cases;

(b) for a taxable person to count as his input tax, in such circumstances, to such extent and subject to such conditions as may be prescribed, VAT on the supply to him of goods or services or on the acquisition of goods by him from another member State or paid by him on the importation of goods from places outside

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the member States notwithstanding that he was not a taxable person at the time of the supply, acquisition or payment;

(c) for a taxable person that is a body corporate to count as its input tax, in such circumstances, to such extent and subject to such conditions as may be prescribed, VAT on the supply, acquisition or importation of goods before the company's incorporation for appropriation to the company or its business or on the supply of services before that time for its benefit or in connection with its incorporation;

(d) in the case of a person who has been, but is no longer, a taxable person, for him to be paid by the Commissioners the amount of any VAT on a supply of services made to him for the purposes of the business carried on by him when he was a taxable person.

^{F83}(e) in cases where an apportionment is made under subsection (5), for the non-business VAT to be counted as the taxable person's input tax for the purposes of any provision made by or under section 26 in such circumstances, to such extent and subject to such conditions as may be prescribed.]

^{F84}(6A) Regulations under subsection (6) may contain such supplementary, incidental, consequential and transitional provisions as appear to the Commissioners to be necessary or expedient.]

^{F85}(7)

Textual Amendments

F79 S. 24(3) omitted (with application in accordance with Sch. 8 para. 1(8)(9) of the amending Act) by virtue of [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 8 para. 1\(2\)\(8\)](#)

F80 Words in s. 24(5) substituted (16.12.2010) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 8 para. 1\(3\)](#)

F81 S. 24(5A)(5B) inserted (with application in accordance with Sch. 8 para. 1(8)(9) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 8 para. 1\(4\)\(8\)](#)

F82 Words in s. 24(6)(a) inserted (retrospective to 10.4.2003) by [Finance Act 2003 \(c. 14\)](#), [s. 17\(2\)\(8\)](#)

F83 S. 24(6)(e) inserted (16.12.2010) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 8 para. 1\(5\)](#)

F84 S. 24(6A) inserted (16.12.2010) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 8 para. 1\(6\)](#)

F85 S. 24(7) omitted (with application in accordance with Sch. 8 para. 1(8)(9) of the amending Act) by virtue of [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 8 para. 1\(7\)\(8\)](#)

25 Payment by reference to accounting periods and credit for input tax against output tax.

(1) A taxable person shall—

(a) in respect of supplies made by him, and

(b) in respect of the acquisition by him from other member States of any goods, account for and pay VAT by reference to such periods (in this Act referred to as “prescribed accounting periods”) at such time and in such manner as may be determined by or under regulations and regulations may make different provision for different circumstances.

(2) Subject to the provisions of this section, he is entitled at the end of each prescribed accounting period to credit for so much of his input tax as is allowable under section 26, and then to deduct that amount from any output tax that is due from him.

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- (3) If either no output tax is due at the end of the period, or the amount of the credit exceeds that of the output tax then, subject to subsections (4) and (5) below, the amount of the credit or, as the case may be, the amount of the excess shall be paid to the taxable person by the Commissioners; and an amount which is due under this subsection is referred to in this Act as a “VAT credit”.
- (4) The whole or any part of the credit may, subject to and in accordance with regulations, be held over to be credited in and for a subsequent period; and the regulations may allow for it to be so held over either on the taxable person’s own application or in accordance with general or special directions given by the Commissioners from time to time.
- (5) Where at the end of any period a VAT credit is due to a taxable person who has failed to submit returns for any earlier period as required by this Act, the Commissioners may withhold payment of the credit until he has complied with that requirement.
- (6) A deduction under subsection (2) above and payment of a VAT credit shall not be made or paid except on a claim made in such manner and at such time as may be determined by or under regulations; and, in the case of a person who has made no taxable supplies in the period concerned or any previous period, payment of a VAT credit shall be made subject to such conditions (if any) as the Commissioners think fit to impose, including conditions as to repayment in specified circumstances.
- (7) The Treasury may by order provide, in relation to such supplies, acquisitions and importations as the order may specify, that VAT charged on them is to be excluded from any credit under this section; and—
 - (a) any such provision may be framed by reference to the description of goods or services supplied or goods acquired or imported, the person by whom they are supplied, acquired or imported or to whom they are supplied, the purposes for which they are supplied, acquired or imported, or any circumstances whatsoever; and
 - (b) such an order may contain provision for consequential relief from output tax.

Modifications etc. (not altering text)

C6 S. 25(6) modified (retrospective to 19.3.2008) by [Finance Act 2008 \(c. 9\)](#), s. 121(2)(4)

26 Input tax allowable under section 25.

- (1) The amount of input tax for which a taxable person is entitled to credit at the end of any period shall be so much of the input tax for the period (that is input tax on supplies, acquisitions and importations in the period) as is allowable by or under regulations as being attributable to supplies within subsection (2) below.
- (2) The supplies within this subsection are the following supplies made or to be made by the taxable person in the course or furtherance of his business—
 - (a) taxable supplies;
 - (b) supplies outside the United Kingdom which would be taxable supplies if made in the United Kingdom;
 - (c) such other supplies outside the United Kingdom and such exempt supplies as the Treasury may by order specify for the purposes of this subsection.

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- (3) The Commissioners shall make regulations for securing a fair and reasonable attribution of input tax to supplies within subsection (2) above, and any such regulations may provide for—
- (a) determining a proportion by reference to which input tax for any prescribed accounting period is to be provisionally attributed to those supplies;
 - (b) adjusting, in accordance with a proportion determined in like manner for any longer period comprising two or more prescribed accounting periods or parts thereof, the provisional attribution for any of those periods;
 - (c) the making of payments in respect of input tax, by the Commissioners to a taxable person (or a person who has been a taxable person) or by a taxable person (or a person who has been a taxable person) to the Commissioners, in cases where events prove inaccurate an estimate on the basis of which an attribution was made; and
 - (d) preventing input tax on a supply which, under or by virtue of any provision of this Act, a person makes to himself from being allowable as attributable to that supply.
- (4) Regulations under subsection (3) above may make different provision for different circumstances and, in particular (but without prejudice to the generality of that subsection) for different descriptions of goods or services; and may contain such incidental^{F86}, supplementary, consequential and transitional] provisions as appear to the Commissioners necessary or expedient.

Textual Amendments

F86 Words in s. 26(4) substituted (16.12.2010) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 8 para. 2](#)

Modifications etc. (not altering text)

C7 S. 26 excluded (27.7.1999) by [1999 c. 16, s. 13\(1\)](#)

^{F87}26A Disallowance of input tax where consideration not paid

- (1) Where—
- (a) a person has become entitled to credit for any input tax, and
 - (b) the consideration for the supply to which that input tax relates, or any part of it, is unpaid at the end of the period of 6 months following the relevant date,
- he shall be taken, as from the end of that period, not to have been entitled to credit for input tax in respect of the VAT that is referable to the unpaid consideration or part.

[Subsection (1) is subject to section 26AA (disapplication of disallowance under ^{F88}(1A) section 26A in insolvency).]

- (2) For the purposes of subsection (1) above “the relevant date”, in relation to any sum representing consideration for a supply, is—
- (a) the date of the supply, or
 - (b) if later, the date on which the sum became payable.
- (3) Regulations may make such supplementary, incidental, consequential or transitional provisions as appear to the Commissioners to be necessary or expedient for the purposes of this section.

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (4) Regulations under this section may in particular—
- (a) make provision for restoring the whole or any part of an entitlement to credit for input tax where there is a payment after the end of the period mentioned in subsection (1) above;
 - (b) make rules for ascertaining whether anything paid is to be taken as paid by way of consideration for a particular supply;
 - (c) make rules dealing with particular cases, such as those involving payment of part of the consideration or mutual debts.
- (5) Regulations under this section may make different provision for different circumstances.
- (6) Section 6 shall apply for determining the time when a supply is to be treated as taking place for the purposes of construing this section.]

Textual Amendments

F87 S. 26A inserted (with effect as mentioned in s. 22(3) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 22\(1\)](#); [S.I. 2002/3028, art. 2](#)

F88 S. 26A(1A) inserted (with effect in accordance with art. 9 of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2017 \(S.I. 2017/495\), arts. 1, 7\(2\)](#)

[^{F89}26AADisapplication of disallowance under section 26A in insolvency

- (1) Section 26A(1) does not apply to a person in relation to credit for input tax which relates to a supply where—
- (a) at the time of the supply, no insolvency procedure had effect in relation to the person,
 - (b) at any time during the relevant period, an insolvency procedure had effect in relation to that person (“the insolvent person”), and
 - (c) the Commissioners have been notified in writing of the matter mentioned in paragraph (b) by or on behalf of a person authorised to deal with the insolvent person’s affairs.
- (2) But where the insolvency procedure mentioned in subsection (1)(b) is a bankruptcy order, award of sequestration, protected trust deed or voluntary arrangement and that bankruptcy order is annulled, that award of sequestration is recalled or that protected trust deed or voluntary arrangement has come to an end prematurely—
- (a) the disapplication of section 26A(1) by subsection (1) above ceases to have effect, and
 - (b) the person to which the bankruptcy order, award of sequestration, protected trust deed or voluntary arrangement relates is to be taken for the purposes of section 26A(1) as not being entitled to the credit for the input tax concerned as from whichever is the later of—
 - (i) the end of the relevant period, and
 - (ii) the date on which the bankruptcy order was annulled, the award of sequestration recalled or the protected trust deed or voluntary arrangement has come to an end prematurely.
- (3) Where the person mentioned in section 26A(1) is entitled as a member of a partnership to credit for input tax this section has effect as if—

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- (a) the references in subsections (1)(a) and (b) to “the person” and “that person” were references to the partnership,
 - (b) the reference in subsection (1)(c) to “the insolvent person’s affairs” were a reference to the insolvent partnership’s affairs, and
 - (c) the reference in subsection (2)(b) to “the person”, in connection with a bankruptcy order or a voluntary arrangement, were a reference to the person who is a member of the partnership to which the bankruptcy order or voluntary arrangement relates.
- (4) Subsection (1) does not apply where the insolvency procedure referred to in subsection (1)(b) has effect as part of, or as a consequence of, arrangements where the main purpose, or one of the main purposes, of those arrangements is to obtain a tax advantage by the operation of this section.
- (5) Regulations may make such supplementary, incidental, consequential or transitional provisions as appear to the Commissioners to be necessary or expedient for the purposes of this section.
- (6) For the purposes of this section “the relevant period”, in relation to a supply, is the period beginning immediately after the supply took place and ending six months after—
- (a) the date of that supply, or
 - (b) if later, the date on which the relevant part of the consideration for the supply is payable.
- (7) For the purposes of subsection (6) the relevant part of the consideration is the part of the consideration referable to the credit for input tax which would (ignoring the effect of this section) be disallowed under section 26A(1).
- (8) For the purposes of this section an insolvency procedure has effect in relation to a person at a time when any of the following apply—
- (a) a bankruptcy order has been made under Chapter 1 of Part 9 of the Insolvency Act 1986 in relation to that person and has not been annulled,
 - (b) a warrant has been granted for a petition for sequestration to be served on that person which has resulted in the sequestration of that person’s estate or an award of sequestration has been made on an application by that person, in both cases under section 22 of the Bankruptcy (Scotland) Act 2016, and in either case the award of sequestration has not been recalled,
 - (c) a bankruptcy order has been made under Chapter 1 of Part 9 of the Insolvency (Northern Ireland) Order 1989 in relation to that person and has not been annulled,
 - (d) where that person is a company registered under the Companies Act 2006 in England and Wales or Scotland or an unregistered company as defined in section 220 of the Insolvency Act 1986 which is deemed to be registered in England and Wales or Scotland under section 221 of that Act, a petition has been presented to the court which has resulted in a winding-up order being made under Chapter 6 of Part 4 or Part 5 of the Insolvency Act 1986 in relation to that person and that person has not been dissolved or that winding-up order has not been stayed or sisted,
 - (e) where that person is a company registered under the Companies Act 2006 in Northern Ireland, or an unregistered company as defined in article 184 of the Insolvency (Northern Ireland) Order 1989 which is deemed to be registered in Northern Ireland under article 185 of that Order, a petition has been presented

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- to the court which has resulted in a winding-up order being made under Part 5 or Part 6 of the Insolvency (Northern Ireland) Order 1989 and that person has not been dissolved or that winding-up order has not been stayed,
- (f) that person is in administration for the purposes of Schedule B1 to the Insolvency Act 1986 or Schedule B1 to the Insolvency (Northern Ireland) Order 1989,
 - (g) an appointment of an administrative receiver is in force in relation to that person disregarding any temporary vacancy in the office of receiver,
 - (h) an appointment of a liquidator is in force as a consequence of a creditors' voluntary winding up under Chapter 4 of Part 4 of the Insolvency Act 1986 or Chapter 4 of Part 5 of the Insolvency (Northern Ireland) Order 1989 in relation to that person disregarding any temporary vacancy in the office of liquidator,
 - (i) a voluntary arrangement has been approved in accordance with Part 1 or Part 8 of the Insolvency Act 1986 or Part 2 or Chapter 2 of Part 8 of the Insolvency (Northern Ireland) Order 1989 in relation to that person and that voluntary arrangement has not come to an end prematurely,
 - (j) a county court administration order has been made under Part 6 of the County Courts Act 1984 or Part 6 of the Judgments Enforcement (Northern Ireland) Order 1981 in relation to that person and has not ceased to take effect,
 - (k) a compromise or arrangement sanctioned by the court and delivered to the registrar in accordance with section 899 of the Companies Act 2006 is in place in relation to that person,
 - (l) that person's estate is vested in any other person as that person's trustee under a trust deed and that trust deed has become a protected trust deed,
 - (m) that person has died and an insolvency administration order has been made which has not been discharged in respect of that person's estate in accordance with an order under section 421 of the Insolvency Act 1986 or article 365 of the Insolvency (Northern Ireland) Order 1989 or that person's estate has been sequestrated under section 22 of the Bankruptcy (Scotland) Act 2016 and the award of sequestration has not been recalled,
 - (n) a voluntary arrangement has been approved in accordance with Part 1 of the Insolvency Act 1986 as applied by Part 2 of the Insolvent Partnerships Order 1994 or Part 2 of the Insolvency (Northern Ireland) Order 1989 as applied by Part 2 of the Insolvent Partnerships Order (Northern Ireland) 1995 in relation to that person and that voluntary arrangement has not come to an end prematurely,
 - (o) an appointment of a liquidator is in force as a consequence of a creditors' voluntary winding up under Chapter 4 of Part 4 of the Insolvency Act 1986 as applied by Parts 4 and 5 of the Insolvent Partnerships Order 1994, or Chapter 4 of Part 5 of the Insolvency (Northern Ireland) Order 1989 as applied by Part 4 of the Insolvent Partnerships Order (Northern Ireland) 1995 in relation to that person disregarding any temporary vacancy in the office of liquidator,
 - (p) that person is in administration for the purposes of Schedule B1 to the Insolvency Act 1986 as applied by Part 3 of the Insolvent Partnerships Order 1994 or Schedule B1 to the Insolvency (Northern Ireland) Order 1989 as applied by Part 3 of the Insolvent Partnerships Order (Northern Ireland) 1995,
 - (q) a voluntary arrangement has been approved in accordance with Part 1 of the Insolvency Act 1986 as applied by Part 4 of the Limited Liability Partnerships Regulations 2001 or Part 2 of the Insolvency (Northern Ireland) Order 1989 as applied by Part 4 of the Limited Liability Partnerships Regulations (Northern

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- Ireland) 2004 in relation to that person and that voluntary arrangement has not come to an end prematurely,
- (r) an appointment of a liquidator is in force as a consequence of a creditors' voluntary winding up under Chapter 4 of Part 4 of the Insolvency Act 1986 as applied by Part 4 of the Limited Liability Partnerships Regulations 2001 or Chapter 4 of Part 5 of the Insolvency (Northern Ireland) Order 1989 as applied by Part 4 of the Limited Liability Partnerships Regulations (Northern Ireland) 2004 in relation to that person disregarding any temporary vacancy in the office of liquidator,
- (s) that person is in administration for the purposes of Schedule B1 to the Insolvency Act 1986 as applied by Part 4 of the Limited Liability Partnerships Regulations 2001 or Schedule B1 to the Insolvency (Northern Ireland) Order 1989 as applied by Part 4 of the Limited Liability Partnerships Regulations (Northern Ireland) 2004.
- (9) In this section—
- “administrative receiver” means an administrative receiver within the meaning of section 251 of the Insolvency Act 1986 or article 5(1) of the Insolvency (Northern Ireland) Order 1989;
- “protected trust deed” has the same meaning as in the Bankruptcy (Scotland) Act 2016;
- “tax advantage” has the same meaning as in Schedule 11A; and
- “trust deed” has the same meaning as in the Bankruptcy (Scotland) Act 2016.
- (10) In this section a voluntary arrangement comes to an end prematurely if it would be regarded as having come to an end prematurely under—
- (a) section 7B or section 262C of the Insolvency Act 1986; or
- (b) article 20B or article 236C of the Insolvency (Northern Ireland) Order 1989.
- (11) Section 6 applies for determining the time when a supply is to be treated as taking place for the purposes of construing this section.]

Textual Amendments

F89 S. 26AA inserted (with effect in accordance with art. 9 of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2017 \(S.I. 2017/495\)](#), arts. 1, **7(3)**

[^{F90}26AB] Adjustment of output tax in respect of supplies under section 55A

- (1) This section applies if—
- (a) a person is, as a result of section 26A, taken not to have been entitled to any credit for input tax in respect of any supply, and
- (b) the supply is one in respect of which the person is required under section 55A(6) to account for and pay VAT.
- (2) The person is entitled to make an adjustment to the amount of VAT which he is so required to account for and pay.
- (3) The amount of the adjustment is to be equal to the amount of the credit for the input tax to which the person is taken not to be entitled.

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- (4) Regulations may make such supplementary, incidental, consequential or transitional provisions as appear to the Commissioners to be necessary or expedient for the purposes of this section.
- (5) Regulations under this section may in particular—
 - (a) make provision for the manner in which, and the period for which, the adjustment is to be given effect,
 - (b) require the adjustment to be evidenced and quantified by reference to such records and other documents as may be specified by or under the regulations,
 - (c) require the person entitled to the adjustment to keep, for such period and in such form and manner as may be so specified, those records and documents,
 - (d) make provision for readjustments if any credit for input tax is restored under section 26A.
- (6) Regulations under this section may make different provision for different circumstances.]

Textual Amendments

F90 S. 26AB inserted (1.6.2007) by [Finance Act 2006 \(c. 25\), s. 19\(2\)\(8\)](#); [S.I. 2007/1419, art. 2](#)

[^{F91}26B Flat-rate scheme

- (1) The Commissioners may by regulations make provision under which, where a taxable person so elects, the amount of his liability to VAT in respect of his relevant supplies in any prescribed accounting period shall be the appropriate percentage of his relevant turnover for that period.

A person whose liability to VAT is to any extent determined as mentioned above is referred to in this section as participating in the flat-rate scheme.

- (2) For the purposes of this section—
 - (a) a person’s “relevant supplies” are all supplies made by him except supplies made at such times or of such descriptions as may be specified in the regulations;
 - (b) the “appropriate percentage” is the percentage so specified for the category of business carried on by the person in question;
 - (c) a person’s “relevant turnover” is the total of—
 - (i) the value of those of his relevant supplies that are taxable supplies, together with the VAT chargeable on them, and
 - (ii) the value of those of his relevant supplies that are exempt supplies.
- (3) The regulations may designate certain categories of business as categories in relation to which the references in subsection (1) above to liability to VAT are to be read as references to entitlement to credit for VAT.
- (4) The regulations may provide for persons to be eligible to participate in the flat-rate scheme only in such cases and subject to such conditions and exceptions as may be specified in, or determined by or under, the regulations.
- (5) Subject to such exceptions as the regulations may provide for, a participant in the flat-rate scheme shall not be entitled to credit for input tax.

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This is without prejudice to subsection (3) above.

- (6) The regulations may—
- (a) provide for the appropriate percentage to be determined by reference to the category of business that a person is expected, on reasonable grounds, to carry on in a particular period;
 - (b) provide, in such circumstances as may be prescribed, for different percentages to apply in relation to different parts of the same prescribed accounting period;
 - (c) make provision for determining the category of business to be regarded as carried on by a person carrying on businesses in more than one category.
- (7) The regulations may provide for the following matters to be determined in accordance with notices published by the Commissioners—
- (a) when supplies are to be treated as taking place for the purposes of ascertaining a person's relevant turnover for a particular period;
 - (b) the method of calculating any adjustments that fall to be made in accordance with the regulations in a case where a person begins or ceases to participate in the flat-rate scheme.
- (8) The regulations may make provision enabling the Commissioners—
- (a) to authorise a person to participate in the flat-rate scheme with effect from—
 - (i) a day before the date of his election to participate, or
 - (ii) a day that is not earlier than that date but is before the date of the authorisation;
 - (b) to direct that a person shall cease to be a participant in the scheme with effect from a day before the date of the direction.
- The day mentioned in paragraph (a)(i) above may be a day before the date on which the regulations come into force.
- (9) Regulations under this section—
- (a) may make different provision for different circumstances;
 - (b) may make such incidental, supplemental, consequential or transitional provision as the Commissioners think fit, including provision disapplying or applying with modifications any provision contained in or made under this Act.]

Textual Amendments

F91 S. 26B inserted (retropective to 24.4.2002) by [Finance Act 2002 \(c. 23\)](#), s. 23(1)(4)

27 Goods imported for private purposes.

- (1) Where goods are imported by a taxable person from a place outside the member States and—
- (a) at the time of importation they belong wholly or partly to another person; and
 - (b) the purposes for which they are to be used include private purposes either of himself or of the other,

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VAT paid or payable by the taxable person on the importation of the goods shall not be regarded as input tax to be deducted or credited under section 25; but he may make a separate claim to the Commissioners for it to be repaid.

- (2) The Commissioners shall allow the claim if they are satisfied that to disallow it would result, in effect, in a double charge to VAT; and where they allow it they shall do so only to the extent necessary to avoid the double charge.
- (3) In considering a claim under this section, the Commissioners shall have regard to the circumstances of the importation and, so far as appearing to them to be relevant, things done with, or occurring in relation to, the goods at any subsequent time.
- (4) Any amount allowed by the Commissioners on the claim shall be paid by them to the taxable person.
- (5) The reference above to a person's private purposes is to purposes which are not those of any business carried on by him.

28 Payments on account of VAT.

- (1) The Treasury may make an order under this section if they consider it desirable to do so in the interests of the national economy.
- (2) An order under this section may provide that a taxable person of a description specified in the order shall be under a duty—
 - (a) to pay, on account of any VAT he may become liable to pay in respect of a prescribed accounting period, amounts determined in accordance with the order, and
 - (b) to do so at such times as are so determined.

[^{F92}(2AA) An order under this section may provide for the matters with respect to which an appeal under section 83 lies to a tribunal to include such decisions of the Commissioners under that or any other order under this section as may be specified in the order.]

[^{F93}(2A) The Commissioners may give directions, to persons who are or may become liable by virtue of any order under this section to make payments on account of VAT, about the manner in which they are to make such payments; and where such a direction has been given to any person and has not subsequently been withdrawn, any duty of that person by virtue of such an order to make such a payment shall have effect as if it included a requirement for the payment to be made in the manner directed.]

- (3) Where an order is made under this section, the Commissioners may make regulations containing such supplementary, incidental or consequential provisions as appear to the Commissioners to be necessary or expedient.
- (4) A provision of an order or regulations under this section may be made in such way as the Treasury or, as the case may be, the Commissioners think fit (whether by amending provisions of or made under the enactments relating to VAT or otherwise).
- (5) An order or regulations under this section may make different provision for different circumstances.

Textual Amendments

F92 S. 28(2AA) inserted (29.4.1996) by 1997 c. 16, s. 43

Status: Point in time view as at 28/01/2019.

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F93 S. 28(2A) inserted (29.4.1996) by 1996 c. 8, s. 34

29 Invoices provided by recipients of goods or services.

Where—

- (a) a taxable person (“the recipient”) provides a document to himself which purports to be an invoice in respect of a taxable supply of goods or services to him by another taxable person; and
 - (b) that document understates the VAT chargeable on the supply,
- the Commissioners may, by notice served on the recipient and on the supplier, elect that the amount of VAT understated by the document shall be regarded for all purposes as VAT due from the recipient and not from the supplier.

PART II

RELIEFS, EXEMPTIONS AND REPAYMENTS

Reliefs etc. generally available

[^{F94}29A Reduced rate

- (1) VAT charged on—
 - (a) any supply that is of a description for the time being specified in Schedule 7A, or
 - (b) any equivalent acquisition or importation,
 shall be charged at the rate of 5 per cent.
- (2) The reference in subsection (1) above to an equivalent acquisition or importation, in relation to any supply that is of a description for the time being specified in Schedule 7A, is a reference (as the case may be) to—
 - (a) any acquisition from another member State of goods the supply of which would be such a supply; or
 - (b) any importation from a place outside the member States of any such goods.
- (3) The Treasury may by order vary Schedule 7A by adding to or deleting from it any description of supply or by varying any description of supply for the time being specified in it.
- (4) The power to vary Schedule 7A conferred by subsection (3) above may be exercised so as to describe a supply of goods or services by reference to matters unrelated to the characteristics of the goods or services themselves. In the case of a supply of goods, those matters include, in particular, the use that has been made of the goods.]

Textual Amendments

F94 S. 29A inserted (11.5.2001 with effect as mentioned in s. 99(7)(c) of the amending Act) by 2001 c. 9, s. 99(4)

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30 Zero-rating.

- (1) Where a taxable person supplies goods or services and the supply is zero-rated, then, whether or not VAT would be chargeable on the supply apart from this section—
 - (a) no VAT shall be charged on the supply; but
 - (b) it shall in all other respects be treated as a taxable supply;and accordingly the rate at which VAT is treated as charged on the supply shall be nil.
- (2) A supply of goods or services is zero-rated by virtue of this subsection if the goods or services are of a description for the time being specified in Schedule 8 or the supply is of a description for the time being so specified.
- [^{F95}(2A) A supply by a person of services which consist of applying a treatment or process to another person's goods is zero-rated by virtue of this subsection if by doing so he produces goods, and either—
 - (a) those goods are of a description for the time being specified in Schedule 8; or
 - (b) a supply by him of those goods to the person to whom he supplies the services would be of a description so specified.]
 - (3) Where goods of a description for the time being specified in that Schedule, or of a description forming part of a description of supply for the time being so specified, are acquired in the United Kingdom from another member State or imported from a place outside the member States, no VAT shall be chargeable on their acquisition or importation, except as otherwise provided in that Schedule.
 - (4) The Treasury may by order vary Schedule 8 by adding to or deleting from it any description or by varying any description for the time being specified in it.
 - [^{F96}(5) The export of any goods by a charity to a place outside the member States shall for the purposes of this Act be treated as a supply made by the charity—
 - (a) in the United Kingdom, and
 - (b) in the course or furtherance of a business carried on by the charity.]
 - (6) A supply of goods is zero-rated by virtue of this subsection if the Commissioners are satisfied that the person supplying the goods—
 - (a) has exported them to a place outside the member States; or
 - (b) has shipped them for use as stores on a voyage or flight to an eventual destination outside the United Kingdom, or as merchandise for sale by retail to persons carried on such a voyage or flight in a ship or aircraft,and in either case if such other conditions, if any, as may be specified in regulations or the Commissioners may impose are fulfilled.
 - (7) Subsection (6)(b) above shall not apply in the case of goods shipped for use as stores on a voyage or flight to be made by the person to whom the goods were supplied and to be made for a purpose which is private.
 - (8) Regulations may provide for the zero-rating of supplies of goods, or of such goods as may be specified in the regulations, in cases where—
 - (a) the Commissioners are satisfied that the goods have been or are to be exported to a place outside the member States or that the supply in question involves both—
 - (i) the removal of the goods from the United Kingdom; and

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- (ii) their acquisition in another member State by a person who is liable for VAT on the acquisition in accordance with provisions of the law of that member State corresponding, in relation to that member State, to the provisions of section 10; and
 - (b) such other conditions, if any, as may be specified in the regulations or the Commissioners may impose are fulfilled.
- [^{F97}(8A) Regulations may provide for the zero-rating of supplies of goods, or of such goods as may be specified in regulations, in cases where—
 - (a) the Commissioners are satisfied that the supply in question involves both—
 - (i) the removal of the goods from a fiscal warehousing regime within the meaning of section 18F(2); and
 - (ii) their being placed in a warehousing regime in another member State, or in such member State or States as may be prescribed, where that regime is established by provisions of the law of that member State corresponding, in relation to that member State, to the provisions of sections 18A and 18B; and
 - (b) such other conditions, if any, as may be specified in the regulations or the Commissioners may impose are fulfilled.]
- (9) Regulations may provide for the zero-rating of a supply of services which is made where goods are let on hire and the Commissioners are satisfied that the goods have been or are to be removed from the United Kingdom during the period of the letting, and such other conditions, if any, as may be specified in the regulations or the Commissioners may impose are fulfilled.
- (10) Where the supply of any goods has been zero-rated by virtue of subsection (6) above or in pursuance of regulations made under [^{F98}subsection (8), (8A) or (9)] above and—
 - (a) the goods are found in the United Kingdom after the date on which they were alleged to have been or were to be exported or shipped or otherwise removed from the United Kingdom; or
 - (b) any condition specified in the relevant regulations under [^{F98}subsection (6), (8), (8A) or (9)] above or imposed by the Commissioners is not complied with,
 and the presence of the goods in the United Kingdom after that date or the non-observance of the condition has not been authorised for the purposes of this subsection by the Commissioners, the goods shall be liable to forfeiture under the Management Act and the VAT that would have been chargeable on the supply but for the zero-rating shall become payable forthwith by the person to whom the goods were supplied or by any person in whose possession the goods are found in the United Kingdom; but the Commissioners may, if they think fit, waive payment of the whole or part of that VAT.

Textual Amendments

- F95** S. 30(2A) inserted (29.4.1996 with effect as mentioned in s. 29(5) of the amending Act) by 1996 c. 8, s. 29(2)(5)
- F96** S. 30(5) substituted (1.5.1995 with effect as mentioned in s. 28(2) of the amending Act) by 1995 c. 4, s. 28(1)
- F97** S. 30(8A) inserted (29.4.1996 for specified purposes and otherwise 1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after 1.6.1996) by 1996 c. 8, ss. 25, 26, Sch. 3 para. 7; S.I. 1996/1249, art. 2

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F98 Words in s. 30(10) substituted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by 1996 c. 8, ss. 25, 26, **Sch. 3 para. 7**; S.I. 1996/1249, **art. 2**

31 Exempt supplies and acquisitions.

- (1) A supply of goods or services is an exempt supply if it is of a description for the time being specified in Schedule 9 and an acquisition of goods from another member State is an exempt acquisition if the goods are acquired in pursuance of an exempt supply.
- (2) The Treasury may by order vary that Schedule by adding to or deleting from it any description of supply or by varying any description of supply for the time being specified in it, and the Schedule may be varied so as to describe a supply of goods by reference to the use which has been made of them or to other matters unrelated to the characteristics of the goods themselves.
- [^{F99}(3) The Treasury may by regulations make an exemption of a group 16 supply of a description specified in the regulations subject to conditions.
- (4) Regulations under subsection (3) may—
 - (a) make different provision for different cases, and
 - (b) make consequential or transitional provision (including provision amending this Act).
- (5) In subsection (3) “group 16 supply” means a supply falling within Group 16 of Schedule 9.]

Textual Amendments

F99 S. 31(3)-(5) inserted (17.7.2012) by Finance Act 2012 (c. 14), s. 197(3)

Modifications etc. (not altering text)

C8 S. 31(2) extended (27.7.1999) by 1999 c. 16, s. 13(2)

^{F100}**32**

Textual Amendments

F100 S. 32 repealed (1.6.1995) by 1995 c. 4, ss. 24(2), 162, **Sch. 29 Pt. VI(3)** Note; S.I. 1995/1374, **art. 2**

33 Refunds of VAT in certain cases.

- (1) Subject to the following provisions of this section, where—
 - (a) VAT is chargeable on the supply of goods or services to a body to which this section applies, on the acquisition of any goods by such a body from another member State or on the importation of any goods by such a body from a place outside the member States, and
 - (b) the supply, acquisition or importation is not for the purpose of any business carried on by the body,

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the Commissioners shall, on a claim made by the body at such time and in such form and manner as the Commissioners may determine, refund to it the amount of the VAT so chargeable.

- (2) Where goods or services so supplied to or acquired or imported by the body cannot be conveniently distinguished from goods or services supplied to or acquired or imported by it for the purpose of a business carried on by it, the amount to be refunded under this section shall be such amount as remains after deducting from the whole of the chargeable on any supply to or acquisition or importation by the body such proportion thereof as appears to the Commissioners to be attributable to the carrying on of the business; but where—
- (a) the VAT so attributable is or includes VAT attributable, in accordance with regulations under section 26, to exempt supplies by the body, and
 - (b) the VAT attributable to the exempt supplies is in the opinion of the Commissioners an insignificant proportion of the VAT so chargeable,
- they may include it in the VAT refunded under this section.
- (3) The bodies to which this section applies are—
- (a) a local authority [^{F101}and a combined authority established by an order made under section 103(1) of the Local Democracy, Economic Development and Construction Act 2009];
 - [^{F102}(aa) a fire and rescue authority under the Fire and Rescue Services Act 2004, if the authority does not fall within paragraph (a);
 - (ab) the Scottish Fire and Rescue Service;]
 - (b) a river purification board established under section 135 of the ^{M2}Local Government (Scotland) Act 1973, and a water development board within the meaning of section 109 of the ^{M3}Water (Scotland) Act 1980;
 - (c) an internal drainage board;
 - (d) [^{F103}an Integrated Transport Authority, Passenger Transport Authority or Passenger Transport Executive for the purposes of Part 2 of the Transport Act 1968;]
 - (e) a port health authority within the meaning of the ^{M5}Public Health (Control of Disease) Act 1984, ^{F104}...;
 - (f) [^{F105}a police and crime commissioner, the Mayor's Office for Policing and Crime and]^{F106}... the Receiver for the Metropolitan Police District;
 - [^{F107}(fa) the Scottish Police Authority;
 - (fb) the Police Service of Northern Ireland and the Northern Ireland Policing Board;]
 - (g) a development corporation within the meaning of the ^{M6}New Towns Act 1981 or the ^{M7}New Towns (Scotland) Act 1968, a new town commission within the meaning of the ^{M8}New Towns Act (Northern Ireland) 1965 and the Commission for the New Towns;
 - (h) a general lighthouse authority within the meaning of [^{F108}Part VIII of the ^{M9}Merchant Shipping Act 1995];
 - (i) the British Broadcasting Corporation;
 - [^{F109}(j) the appointed news provider referred to in section 280 of the Communications Act 2003; and]
 - (k) any body specified for the purposes of this section by an order made by the Treasury.

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- (4) No VAT shall be refunded under this section to a general lighthouse authority which in the opinion of the Commissioners is attributable to activities other than those concerned with the provision, maintenance or management of lights or other navigational aids.
- (5) No VAT shall be refunded under this section to [^{F110}an appointed] news provider which in the opinion of the Commissioners is attributable to activities other than the provision of news programmes for broadcasting by holders of regional Channel 3 licences (within the meaning of Part I of the ^{M10}Broadcasting Act 1990).
- (6) References in this section to VAT chargeable do not include any VAT which, by virtue of any order under section 25(7), is excluded from credit under that section.

Textual Amendments

- F101** Words in s. 33(3)(a) inserted (with effect in accordance with s. 39(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 39\(2\)](#)
- F102** S. 33(3)(aa)(ab) inserted (with effect in accordance with s. 39(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 39\(3\)](#)
- F103** S. 33(3)(d) substituted (E.W.) (9.2.2009) by [Local Transport Act 2008 \(c. 26\), s. 134\(4\), Sch. 4 para. 59\(2\)](#); S.I. 2009/107, art. 2(1), Sch. 1 Pt. 1
- F104** Words in s. 33(3)(e) repealed (S) (1.10.2009) by [Public Health etc. \(Scotland\) Act 2008 \(asp 5\), s. 128\(2\), sch. 3 pt. 1](#) (with s. 127); S.S.I. 2009/319, art. 2(a), sch. 1
- F105** Words in s. 33(3)(f) inserted (16.1.2012) by [Police Reform and Social Responsibility Act 2011 \(c. 13\), s. 157\(1\), Sch. 16 para. 217](#); S.I. 2011/3019, art. 3, Sch. 1
- F106** Words in s. 33(3)(f) omitted (with effect in accordance with s. 39(6) of the amending Act) by virtue of [Finance Act 2018 \(c. 3\), s. 39\(4\)](#)
- F107** S. 33(3)(fa)(fb) inserted (with effect in accordance with s. 39(6) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 39\(5\)](#)
- F108** Words in s. 33(3)(h) substituted (1.1.1996) by [1995 c. 21, ss. 314\(2\), 316\(2\), Sch. 13 para. 95](#) (with s. 312(1))
- F109** S. 33(3)(j) substituted (29.12.2003) by [Communications Act 2003 \(c. 21\), s. 411\(2\), Sch. 17 para. 129\(2\)\(a\)](#) (with Sch. 18); S.I. 2003/3142, art. 3(1), Sch. 1 (with art. 11)
- F110** Words in s. 33(5) substituted (29.12.2003) by [Communications Act 2003 \(c. 21\), s. 411\(2\), Sch. 17 para. 129\(2\)\(b\)](#) (with Sch. 18); S.I. 2003/3142, art. 3(1), Sch. 1 (with art. 11)

Modifications etc. (not altering text)

- C9** S. 33 applied (15.8.1995) (*temp.* until 1.4.1996) by [S.I. 1995/1878, art. 4](#)
- C10** S. 33 excluded (8.5.2017) by [The Greater Manchester Combined Authority \(Transfer of Police and Crime Commissioner Functions to the Mayor\) Order 2017 \(S.I. 2017/470\), art. 1\(2\), Sch. 2 para. 16](#)

Marginal Citations

- M2** 1973 c. 65.
M3 1980 c. 45.
M4 1968 c. 73.
M5 1984 c. 22.
M6 1981 c. 64.
M7 1968 c. 16.
M8 1965 c. 60.
M9 1995 c. 21.
M10 1990 c. 42.

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33A ^{F111} Refunds of VAT to museums and galleries

- (1) Subsections (2) to (5) below apply where—
 - (a) VAT is chargeable on—
 - (i) the supply of goods or services to a body to which this section applies,
 - (ii) the acquisition of any goods by such a body from another member State, or
 - (iii) the importation of any goods by such a body from a place outside the member States,
 - (b) the supply, acquisition or importation is attributable to the provision by the body of free rights of admission to a relevant museum or gallery, and
 - (c) the supply is made, or the acquisition or importation takes place, on or after 1st April 2001.
- (2) The Commissioners shall, on a claim made by the body in such form and manner as the Commissioners may determine, refund to the body the amount of VAT so chargeable.
- (3) The claim must be made before the end of the claim period.
- (4) Subject to subsection (5) below, “the claim period” is the period of [^{F112}4 years] beginning with the day on which the supply is made or the acquisition or importation takes place.
- (5) If the Commissioners so determine, the claim period is such shorter period beginning with that day as the Commissioners may determine.
- (6) Subsection (7) below applies where goods or services supplied to, or acquired or imported by, a body to which this section applies that are attributable to free admissions cannot conveniently be distinguished from goods or services supplied to, or acquired or imported by, the body that are not attributable to free admissions.
- (7) The amount to be refunded on a claim by the body under this section shall be such amount as remains after deducting from the VAT related to the claim such proportion of that VAT as appears to the Commissioners to be attributable otherwise than to free admissions.
- (8) For the purposes of subsections (6) and (7) above—
 - (a) goods or services are, and VAT is, attributable to free admissions if they are, or it is, attributable to the provision by the body of free rights of admission to a relevant museum or gallery;
 - (b) the VAT related to a claim is the whole of the VAT chargeable on—
 - (i) the supplies to the body, and
 - (ii) the acquisitions and importations by the body,
 to which the claim relates.
- (9) The Treasury may by order—
 - (a) specify a body as being a body to which this section applies;
 - (b) when specifying a body under paragraph (a), specify any museum or gallery that, for the purposes of this section, is a “relevant” museum or gallery in relation to the body;
 - (c) specify an additional museum or gallery as being, for the purposes of this section, a “relevant” museum or gallery in relation to a body to which this section applies;

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- (d) when specifying a museum or gallery under paragraph (b) or (c), provide that this section shall have effect in the case of the museum or gallery as if in subsection (1)(c) there were substituted for 1st April 2001 a later date specified in the order.
- (10) References in this section to VAT do not include any VAT which, by virtue of any order under section 25(7), is excluded from credit under that section.

Textual Amendments

F111 S. 33A inserted (11.5.2001 for specified purposes otherwise 1.9.2001) by 2001 c. 9, s. 98(2)(10)(11)

F112 Words in s. 33A(4) substituted (1.4.2009) by Finance Act 2008 (c. 9), s. 118(2), Sch. 39 para. 33; S.I. 2009/403, art. 2(1) (with art. 3)

Modifications etc. (not altering text)

C11 S. 33A applied (with modifications) (1.9.2001) by S.I. 2001/2879, arts. 2-4, Sch.

^{F113}33B Refunds of VAT to Academies

- (1) This section applies where—
- (a) VAT is chargeable on—
- (i) the supply of goods or services to the proprietor of an Academy,
- (ii) the acquisition of any goods from another member State by the proprietor of an Academy, or
- (iii) the importation of any goods from a place outside the member States by the proprietor of an Academy, and
- (b) the supply, acquisition or importation is not for the purposes of any business carried on by the proprietor of the Academy.
- (2) The Commissioners shall, on a claim made by the proprietor of the Academy at such time and in such form and manner as the Commissioners may determine, refund to that proprietor the amount of VAT so chargeable.
- (3) Subject to subsection (4), the claim must be made before the end of the period of 4 years beginning with the day on which the supply is made or the acquisition or importation takes place.
- (4) If the Commissioners so determine, the claim period is such shorter period beginning with that day as the Commissioners may determine.
- (5) Subsection (6) applies where goods or services supplied to, or acquired or imported by, the proprietor of the Academy cannot be conveniently distinguished from goods or services supplied to, or acquired or imported by, it for the purpose of a business carried on by that proprietor.
- (6) The amount to be refunded under this section is such amount as remains after deducting from the whole of the VAT chargeable on any supply to, or acquisition or importation by, the proprietor of the Academy such proportion of that VAT as appears to the Commissioners to be attributable to the carrying on of the business.
- (7) References in this section to VAT do not include any VAT which, by virtue of an order under section 25(7), is excluded from credit under section 25.

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- (8) In this section—
- (a) references to the proprietor of an Academy are to the proprietor of the Academy acting in that capacity, and
 - (b) “Academy” and “proprietor” have the same meaning as in the Education Act 1996 (see section 579 of that Act).]

Textual Amendments

F113 S. 33B inserted (with effect in accordance with s. 76(5) of the amending Act) by [Finance Act 2011](#) (c. 11), s. 76(1)

[^{F114}33C Refunds of VAT to charities within section 33D

- (1) This section applies to a charity that falls within any of the descriptions in section 33D.
A charity to which this section applies is referred to in this section as a “qualifying charity”.
- (2) This section applies where—
 - (a) VAT is chargeable on—
 - (i) the supply of goods or services to a qualifying charity,
 - (ii) the acquisition of any goods from another member State by a qualifying charity, or
 - (iii) the importation of any goods from a place outside the member States by a qualifying charity, and
 - (b) the supply, acquisition or importation is not for the purpose of any business carried on by the qualifying charity.
- (3) The Commissioners shall, on a claim made by the qualifying charity at such time and in such form and manner as the Commissioners may determine, refund to the qualifying charity the amount of the VAT so chargeable.
- (4) A claim under subsection (3) above in respect of a supply, acquisition or importation must be made before the end of the period of 4 years beginning with the day on which the supply is made or the acquisition or importation takes place.
- (5) Subsection (6) applies where goods or services supplied to, or acquired or imported by, a qualifying charity otherwise than for the purpose of any business carried on by the qualifying charity cannot be conveniently distinguished from goods or services supplied to, or acquired or imported by, the qualifying charity for the purpose of such a business.
- (6) The amount to be refunded under this section is such amount as remains after deducting from the whole of the VAT chargeable on any supply to, or acquisition or importation by, the qualifying charity such proportion of that VAT as appears to the Commissioners to be attributable to the carrying on of the business.
- (7) References in this section to VAT do not include any VAT which, by virtue of an order under section 25(7), is excluded from credit under section 25.

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Textual Amendments

F114 Ss. 33C, 33D inserted (with effect in accordance with s. 66(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 66\(1\)](#) (with s. 66(6))

33D Charities to which section 33C applies

Palliative care charities

- (1) “Palliative care charity” means a charity the main purpose of which is the provision of palliative care at the direction of, or under the supervision of, a medical professional to persons who are in need of such care as a result of having a terminal illness.
- (2) In subsection (1) “medical professional” means—
 - (a) a registered medical practitioner, or
 - (b) a registered nurse.

Air ambulance charities

- (3) “Air ambulance charity” means a charity the main purpose of which is to provide an air ambulance service in pursuance of arrangements made by, or at the request of, a relevant NHS body.
- (4) In subsection (3) “relevant NHS body” means a body the main purpose of which is to provide ambulance services and which is—
 - (a) an NHS foundation trust in England,
 - (b) an NHS trust in Wales,
 - (c) a Special Health Board constituted under section 2 of the National Health Service (Scotland) Act 1978, or
 - (d) a Health and Social Care trust established under the Health and Personal Social Services (Northern Ireland) Order 1991.

Search and rescue charities

- (5) “Search and rescue charity” means a charity that meets condition A or B.
- (6) Condition A is that—
 - (a) the main purpose of the charity is to carry out search and rescue activities in the United Kingdom or the UK marine area, and
 - (b) the search and rescue activities carried out by the charity are co-ordinated by a relevant authority.
- (7) Condition B is that the main purpose of the charity is to support, develop and promote the activities of a charity which meets condition A.
- (8) For the purposes of subsection (6)—
 - “search and rescue activities” means searching for, and rescuing, persons who are, or may be, at risk of death or serious injury;
 - “relevant authority” means—
 - (a) the Secretary of State;
 - (b) a police force;
 - (c) the Scottish Fire and Rescue Service;

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(d) any other person or body specified for the purposes of subsection (6) by an order made by the Treasury;

“police force” means—

- (a) a police force within the meaning of the Police Act 1996;
- (b) the Police Service of Scotland;
- (c) the Police Service of Northern Ireland;
- (d) the Police Service of Northern Ireland Reserve;
- (e) the British Transport Police Force;
- (f) the Civil Nuclear Constabulary;
- (g) the Ministry of Defence Police;

“UK marine area” has the meaning given by section 42(1) of the Marine and Coastal Access Act 2009.

Medical courier charities

- (9) “Medical courier charity” means a charity that meets condition A or B.
- (10) Condition A is that the main purpose of the charity is to provide services for the transportation of items intended for use for medical purposes, including in particular—
 - (a) blood;
 - (b) medicines and other medical supplies;
 - (c) items relating to people who are undergoing medical treatment.
- (11) Condition B is that the main purpose of the charity is to support, develop and promote the activities of a charity which meets condition A.
- (12) In subsection (10) “item” includes any substance.]

Textual Amendments

F114 Ss. 33C, 33D inserted (with effect in accordance with s. 66(5) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [s. 66\(1\)](#) (with [s. 66\(6\)](#))

[^{F115}33E Power to extend refunds of VAT to other persons

- (1) This section applies where—
 - (a) VAT is chargeable on—
 - (i) the supply of goods or services to a specified person,
 - (ii) the acquisition of any goods from another member State by a specified person, or
 - (iii) the importation of any goods from a place outside the member States by a specified person, and
 - (b) the supply, acquisition or importation is not for the purpose of—
 - (i) any business carried on by the person, or
 - (ii) a supply by the person which, by virtue of section 41A, is treated as a supply in the course or furtherance of a business.
- (2) If and to the extent that the Treasury so direct, the Commissioners shall, on a claim made by the specified person at such time and in such form and manner as the

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Commissioners may determine, refund to the person the amount of the VAT so chargeable.

This is subject to subsection (3) below.

- (3) A specified person may not make a claim under subsection (2) above unless it has been agreed with the Treasury that, in the circumstances specified in the agreement, the amount of the person's funding is to be reduced by all or part of the amount of the VAT so chargeable.
- (4) A claim under subsection (2) above in respect of a supply, acquisition or importation must be made on or before the relevant day.
- (5) The “relevant day” is—
 - (a) in the case of a person who is registered, the last day on which the person may make a return under this Act for the prescribed accounting period containing the last day of the financial year in which the supply is made or the acquisition or importation takes place;
 - (b) in the case of a person who is not registered, the last day of the period of 3 months beginning immediately after the end of the financial year in which the supply is made or the acquisition or importation takes place.
- (6) Subsection (7) applies where goods or services supplied to, or acquired or imported by, a specified person otherwise than for the purpose of—
 - (a) any business carried on by the person, or
 - (b) a supply falling within subsection (1)(b)(ii) above,cannot be conveniently distinguished from goods or services supplied to, or acquired or imported by, the person for such a purpose.
- (7) The amount to be refunded under this section is such amount as remains after deducting from the whole of the VAT chargeable on any supply to, or acquisition or importation by, the specified person such proportion of that VAT as appears to the Commissioners to be attributable to the carrying on of the business or (as the case may be) the making of the supply.
- (8) In this section, “specified person” means a person specified in an order made by the Treasury.
- (9) An order under subsection (8) may make transitional provision or savings.
- (10) References in this section to VAT do not include any VAT which, by virtue of an order under section 25(7), is excluded from credit under section 25.]

Textual Amendments

F115 S. 33E inserted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), s. 122

34 Capital goods.

- (1) The Treasury may by order make provision for the giving of relief, in such cases, to such extent and subject to such exceptions as may be specified in the order, from VAT paid on the supply, acquisition or importation for the purpose of a business carried on by any person of machinery or plant or any specified description of machinery or

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plant in cases where that VAT or part of that VAT cannot be credited under section 25 and such other conditions are satisfied as may be specified in the order.

- (2) Without prejudice to the generality of subsection (1) above, an order under this section may provide for relief to be given by deduction or refunding of VAT and for aggregating or excluding the aggregation of value where goods of the same description are supplied, acquired or imported together.

35 Refund of VAT to persons constructing certain buildings.

[^{F116}(1) Where—

- (a) a person carries out works to which this section applies,
- (b) his carrying out of the works is lawful and otherwise than in the course or furtherance of any business, and
- (c) VAT is chargeable on the supply, acquisition or importation of any goods used by him for the purposes of the works,

the Commissioners shall, on a claim made in that behalf, refund to that person the amount of VAT so chargeable.

(1A) The works to which this section applies are—

- (a) the construction of a building designed as a dwelling or number of dwellings;
- (b) the construction of a building for use solely for a relevant residential purpose or relevant charitable purpose; and
- (c) a residential conversion.

(1B) For the purposes of this section goods shall be treated as used for the purposes of works to which this section applies by the person carrying out the works in so far only as they are building materials which, in the course of the works, are incorporated in the building in question or its site.

(1C) Where—

- (a) a person (“the relevant person”) carries out a residential conversion by arranging for any of the work of the conversion to be done by another (“a contractor”),
- (b) the relevant person’s carrying out of the conversion is lawful and otherwise than in the course or furtherance of any business,
- (c) the contractor is not acting as an architect, surveyor or consultant or in a supervisory capacity, and
- (d) VAT is chargeable on services consisting in the work done by the contractor,

the Commissioners shall, on a claim made in that behalf, refund to the relevant person the amount of VAT so chargeable.

(1D) For the purposes of this section works constitute a residential conversion to the extent that they consist in the conversion of a non-residential building, or a non-residential part of a building, into—

- (a) a building designed as a dwelling or a number of dwellings;
- (b) a building intended for use solely for a relevant residential purpose; or
- (c) anything which would fall within paragraph (a) or (b) above if different parts of a building were treated as separate buildings.]

- (2) The Commissioners shall not be required to entertain a claim for a refund of VAT under this section unless the claim—

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- (a) is made within such time and in such form and manner, and
 - (b) contains such information, and
 - (c) is accompanied by such documents, whether by way of evidence or otherwise, [F117 as may be specified by regulations or by the Commissioners in accordance with regulations.]
- (3) This section shall have effect—
- (a) as if the reference in subsection (1) above to the VAT chargeable on the supply of any goods included a reference to VAT chargeable on the supply in accordance with the law of another member State; and
 - (b) in relation to VAT chargeable in accordance with the law of another member State, as if references to refunding VAT to any person were references to paying that person an amount equal to the VAT chargeable in accordance with the law of that member State;
- and the provisions of this Act and of any other enactment or subordinate legislation (whenever passed or made) so far as they relate to a refund under this section shall be construed accordingly.
- [F118(4) The notes to Group 5 of Schedule 8 shall apply for construing this section as they apply for construing that Group.
- (5) The power of the Treasury by order under section 30 to vary Schedule 8 shall include—
- (a) power to apply any variation made by the order for the purposes of this section; and
 - (b) power to make such consequential modifications of this section as they may think fit [F119 but this is subject to subsection (4A) below.]
- [F120(4A) The meaning of “non-residential” given by Note (7A) of Group 5 of Schedule 8 (and not that given by Note (7) of that Group) applies for the purposes of this section but as if—
- (a) references in that Note to item 3 of that Group were references to this section, and
 - (b) paragraph (b)(iii) of that Note were omitted.]

Textual Amendments

F116 S. 35(1)(1A)-(1D) substituted (29.4.1996 with application as mentioned in s. 30(4) of the amending Act) for s. 35(1) by 1996 c. 8, s. 30(1)

F117 Words in s. 35(2) substituted (17.7.2012) by Finance Act 2012 (c. 14), Sch. 29 para. 4

F118 S. 35(4)(5) inserted (29.4.1996 with application as mentioned in s. 30(4) of the amending Act) by 1996 c. 8, s. 30(3)

F119 Words in s. 35(4) inserted (1.8.2001) by S.I. 2001/2305, art. 4(a)

F120 S. 35(4A) inserted (1.8.2001) by S.I. 2001/2305, art. 4(b)

36 Bad debts.

- (1) Subsection (2) below applies where—
- (a) a person has supplied goods or services ^{F121} . . . and has accounted for and paid VAT on the supply,
 - (b) the whole or any part of the consideration for the supply has been written off in his accounts as a bad debt, and

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(c) a period of 6 months (beginning with the date of the supply) has elapsed.

(2) Subject to the following provisions of this section and to regulations under it the person shall be entitled, on making a claim to the Commissioners, to a refund of the amount of VAT chargeable by reference to the outstanding amount.

[^{F122}(3) In subsection (2) above “the outstanding amount” means—

- (a) if at the time of the claim no part of the consideration written off in the claimant’s accounts as a bad debt has been received, an amount equal to the amount of the consideration so written off;
- (b) if at that time any part of the consideration so written off has been received, an amount by which that part is exceeded by the amount of the consideration written off;

and in this subsection “received” means received either by the claimant or by a person to whom has been assigned a right to receive the whole or any part of the consideration written off.]

[^{F123}(3A) For the purposes of this section, where the whole or any part of the consideration for the supply does not consist of money, the amount in money that shall be taken to represent any non-monetary part of the consideration shall be so much of the amount made up of—

- (a) the value of the supply, and
- (b) the VAT charged on the supply,

as is attributable to the non-monetary consideration in question.]

(4) A person shall not be entitled to a refund under subsection (2) above unless—

- (a) the value of the supply is equal to or less than its open market value, ^{F124} . . .
- ^{F124}(b)

(4A) ^{F125}

(5) Regulations under this section may—

- (a) require a claim to be made at such time and in such form and manner as may be specified by or under the regulations;
- (b) require a claim to be evidenced and quantified by reference to such records and other documents as may be so specified;
- (c) require the claimant to keep, for such period and in such form and manner as may be so specified, those records and documents and a record of such information relating to the claim and to [^{F126}anything subsequently received] by way of consideration as may be so specified;
- (d) require the repayment of a refund allowed under this section where any requirement of the regulations is not complied with;
- (e) require the repayment of the whole or, as the case may be, an appropriate part of a refund allowed under this section [^{F127}where any part (or further part) of the consideration written off in the claimant’s accounts as a bad debt is subsequently received either by the claimant or, except in such circumstances as may be prescribed, by a person to whom has been assigned a right to receive the whole or any part of that consideration;]

(ea) ^{F128}

(f) include such supplementary, incidental, consequential or transitional provisions as appear to the Commissioners to be necessary or expedient for the purposes of this section;

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- (g) make different provision for different circumstances.
- (6) The provisions which may be included in regulations by virtue of subsection (5)(f) above may include rules for ascertaining—
- (a) whether, when and to what extent consideration is to be taken to have been written off in accounts as a bad debt;
 - (b) whether [^{F129}anything received] is to be taken as received by way of consideration for a particular supply;
 - (c) whether, and to what extent, [^{F129}anything received] is to be taken as received by way of consideration written off in accounts as a bad debt.
- (7) The provisions which may be included in regulations by virtue of subsection (5)(f) above may include rules dealing with particular cases, such as those involving [^{F130}receipt of part of the consideration] or mutual debts; and in particular such rules may vary the way in which the following amounts are to be calculated—
- (a) the outstanding amount mentioned in subsection (2) above, and
 - (b) the amount of any repayment where a refund has been allowed under this section.
- (8) Section 6 shall apply for determining the time when a supply is to be treated as taking place for the purposes of construing this section.

Textual Amendments

- F121** Words in s. 36(1)(a) repealed (31.7.1998 with effect as mentioned in s. 23(7) of the amending Act) by 1998 c. 36, ss. 23(1)(7), 165, **Sch. 27 Pt. II** Note
- F122** S. 36(3) substituted (27.7.1999 with effect as mentioned in s. 15(5) of the amending Act) by S.I. 1999 c. 16, s. 15(1)
- F123** S. 36(3A) inserted (31.7.1998 with effect as mentioned in s. 23(7) of the amending Act) by 1998 c. 36, s. 23(3)(7)
- F124** S. 36(4)(b) and word “and” immediately preceding it repealed (19.3.1997 with effect as mentioned in s. 39 of the amending Act) by 1997 c. 16, ss. 39, 113, **Sch. 18 Pt. IV(3)** Note
- F125** S. 36(4A) repealed (with effect as mentioned in s. 22(3) of the amending Act) by Finance Act 2002 (c. 23), s. 22(2), **Sch. 40 Pt. 2(1)**; S.I. 2002/3028, art. 2
- F126** Words in s. 36(5)(c) substituted (31.7.1998) by 1998 c. 36, s. 23(4)(a)
- F127** Words in s. 36(5)(e) substituted (27.7.1999 with effect as mentioned in s. 15(5) of the amending Act) by 1999 c. 16, s. 15(2)
- F128** S. 36(5)(ea) repealed (with effect as mentioned in s. 22(3) of the amending Act) by Finance Act 2002 (c. 23), s. 22(2), **Sch. 40 Pt. 2(1)**; S.I. 2002/3028, art. 2
- F129** Words in s. 36(6)(b)(c) substituted (31.7.1998) by 1998 c. 36, s. 23(5)
- F130** Words in s. 36(7) substituted (31.7.1998) by 1998 c. 36, s. 23(6)

^{F131}Acquisitions

Textual Amendments

- F131** S. 36A and preceding cross heading inserted (24.7.2002) by Finance Act 2002 (c.23), s. 25

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Relief from VAT on acquisition if importation would attract relief

F132 36A

- (1) The Treasury may by order make provision for relieving from VAT the acquisition from another member State of any goods if, or to the extent that, relief from VAT would be given by an order under section 37 if the acquisition were an importation from a place outside the member States.
- (2) An order under this section may provide for relief to be subject to such conditions as appear to the Treasury to be necessary or expedient.

These may—

 - (a) include conditions prohibiting or restricting the disposal of or dealing with the goods concerned;
 - (b) be framed by reference to the conditions to which, by virtue of any order under section 37 in force at the time of the acquisition, relief under such an order would be subject in the case of an importation of the goods concerned.
- (3) Where relief from VAT given by an order under this section was subject to a condition that has been breached or not complied with, the VAT shall become payable at the time of the breach or, as the case may be, at the latest time allowed for compliance.]]

Textual Amendments

F132 S. 36A and preceding cross heading inserted (24.7.2002) by [Finance Act 2002 \(c. 23\), s. 25](#)

Imports, overseas businesses etc

37 Relief from VAT on importation of goods.

- (1) The Treasury may by order make provision for giving relief from the whole or part of the VAT chargeable on the importation of goods from places outside the member States, subject to such conditions (including conditions prohibiting or restricting the disposal of or dealing with the goods) as may be imposed by or under the order, if and so far as the relief appears to the Treasury to be necessary or expedient, having regard to any international agreement or arrangements.
- (2) In any case where—
 - (a) it is proposed that goods which have been imported from a place outside the member States by any person (“the original importer”) with the benefit of relief under subsection (1) above shall be transferred to another person (“the transferee”), and
 - (b) on an application made by the transferee, the Commissioners direct that this subsection shall apply,

this Act shall have effect as if, on the date of the transfer of the goods (and in place of the transfer), the goods were exported by the original importer and imported by the transferee and, accordingly, where appropriate, provision made under subsection (1) above shall have effect in relation to the VAT chargeable on the importation of the goods by the transferee.
- (3) The Commissioners may by regulations make provision for remitting or repaying, if they think fit, the whole or part of the VAT chargeable on the importation of any goods from places outside the member States which are shown to their satisfaction to have

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been previously exported from the United Kingdom or removed from any member State.

- (4) The Commissioners may by regulations make provision for remitting or repaying the whole or part of the VAT chargeable on the importation of any goods from places outside the member States if they are satisfied that the goods have been or are to be re-exported or otherwise removed from the United Kingdom and they think fit to do so in all the circumstances and having regard—
- (a) to the VAT chargeable on the supply of like goods in the United Kingdom;
 - (b) to any VAT which may have become chargeable in another member State in respect of the goods.

Modifications etc. (not altering text)

C12 S. 37(1) extended (27.7.1999) by 1999 c. 16, s. 13(3)

38 Importation of goods by taxable persons.

The Commissioners may by regulations make provision for enabling goods imported from a place outside the member States by a taxable person in the course or furtherance of any business carried on by him to be delivered or removed, subject to such conditions or restrictions as the Commissioners may impose for the protection of the revenue, without payment of the VAT chargeable on the importation, and for that VAT to be accounted for together with the VAT chargeable on the supply of goods or services by him or on the acquisition of goods by him from other member States.

39 Repayment of VAT to those in business overseas.

- (1) The Commissioners may, by means of a scheme embodied in regulations, provide for the repayment, to persons to whom this section applies, of VAT on supplies to them in the United Kingdom or on the importation of goods by them from places outside the member States which would be input tax of theirs if they were taxable persons in the United Kingdom.
- (2) This section—
- (a) applies to persons carrying on business in another member State, and
 - (b) shall apply also to persons carrying on business in other countries, if, pursuant to any [^{F47}EU] Directive, rules are adopted by the Council of the [^{F46}European Union] about refunds of VAT to persons established elsewhere than in the member States,
- but does not apply to persons carrying on business in the United Kingdom.
- (3) Repayment shall be made in such cases [^{F133}and to such extent] only, and subject to such conditions, as the scheme may prescribe (being conditions specified in the regulations or imposed by the Commissioners either generally or in particular cases); and the scheme may provide—
- [^{F134}(za) for claims to be made in such form and manner as may be specified in the scheme or by the Commissioners in accordance with the scheme;]
 - (a) for claims and repayments to be made only through agents in the United Kingdom;
 - (b) either generally or for specified purposes—

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- (i) for the agents to be treated under this Act as if they were taxable persons; and
- (ii) for treating claims as if they were returns under this Act [^{F135}in respect of such period as may be prescribed] and repayments as if they were repayments of input tax; ^{F136} ...
- [^{F137}(ba) for and in connection with the payment of interest to or by the Commissioners (including in relation to the repayment of interest wrongly paid), and]
- [^{F138}(c) for generally regulating—
 - (i) the time by which claims must be made, and
 - (ii) the methods by which the amount of any repayment is to be determined and the repayment is to be made.]

Textual Amendments

- F46** Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 4 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F47** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F133** Words in s. 39(3) inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), s. 77(2)(a)
- F134** S. 39(3)(za) inserted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 29 para. 5\(2\)](#)
- F135** Words in s. 39(3)(b)(ii) inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), s. 77(2)(b)
- F136** Word in s. 39(3)(b)(ii) omitted (21.7.2009) by virtue of [Finance Act 2009 \(c. 10\)](#), s. 77(2)(b)
- F137** S. 39(3)(ba) inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), s. 77(2)(c)
- F138** S. 39(3)(c) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 29 para. 5\(3\)](#)

[^{F139}39A Applications for forwarding of VAT repayment claims to other member States

The Commissioners must make arrangements for dealing with applications made to the Commissioners by taxable persons, in accordance with Council Directive [2008/9/EC](#), for the forwarding to the tax authorities of another member State of claims for refunds of VAT on—

- (a) supplies to them in that member State, or
- (b) the importation of goods by them into that member State from places outside the member States.]

Textual Amendments

- F139** S. 39A inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), s. 77(3)

40 Refunds in relation to new means of transport supplied to other member States.

- (1) Subject to subsection (2) below, where a person who is not a taxable person makes such a supply of goods consisting in a new means of transport as involves the removal of the goods to another member State, the Commissioners shall, on a claim made in that behalf, refund to that person, as the case may be—
 - (a) the amount of any VAT on the supply of that means of transport to that person,
 - or

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- (b) the amount of any VAT paid by that person on the acquisition of that means of transport from another member State or on its importation from a place outside the member States.
- (2) The amount of VAT refunded under this section shall not exceed the amount that would have been payable on the supply involving the removal if it had been a taxable supply by a taxable person and had not been zero-rated.
- (3) The Commissioners shall not be entitled to entertain a claim for refund of VAT under this section unless the claim—
 - (a) is made within such time and in such form and manner;
 - (b) contains such information; and
 - (c) is accompanied by such documents, whether by way of evidence or otherwise, as the Commissioners may by regulations prescribe.

PART III

APPLICATION OF ACT IN PARTICULAR CASES

41 Application to the Crown.

- (1) This Act shall apply in relation to taxable supplies by the Crown as it applies in relation to taxable supplies by taxable persons.
- ^{F140}(2)
- (3) Where VAT is chargeable on the supply of goods or services to a Government department, on the acquisition of any goods by a Government department from another member State or on the importation of any goods by a Government department from a place outside the member States and the supply, acquisition or importation is not for the purpose—
 - (a) of any business carried on by the department, or
 - (b) of a supply by the department which, by virtue of [^{F141}section 41A,] is treated as a supply in the course or furtherance of a business,then, if and to the extent that the Treasury so direct and subject to subsection (4) below, the Commissioners shall, on a claim made by the department at such time and in such form and manner as the Commissioners may determine, refund to it the amount of the VAT so chargeable.
- (4) The Commissioners may make the refunding of any amount due under subsection (3) above conditional upon compliance by the claimant with requirements with respect to the keeping, preservation and production of records relating to the supply, acquisition or importation in question.
- (5) For the purposes of this section goods or services obtained by one Government department from another Government department shall be treated, if and to the extent that the Treasury so direct, as supplied by that other department and similarly as regards goods or services obtained by or from the Crown Estate Commissioners.
- (6) In this section “Government department” includes [^{F142}the Scottish Administration][^{F143}, the [^{F144}Welsh Assembly Government],] a Northern Ireland department, a Northern Ireland health and social services body, any body of persons

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exercising functions on behalf of a Minister of the Crown, including ^{F145} . . . any part of a Government department (as defined in the foregoing) designated for the purposes of this subsection by a direction of the Treasury.

- (7) For the purposes of subsection (6) [^{F146}each of the following is to be regarded as a body of persons exercising functions on behalf of a Minister of the Crown][^{F147}—
- (a) [^{F148}a health service body as defined in section 60(7) of the National Health Service and Community Care Act 1990,
 - [^{F149}(b)] a National Health Service trust established under Part I of that Act] or the ^{M11}National Health Service (Scotland) Act 1978 [^{F150},
 - (c) [^{F151} an NHS foundation trust][^{F152}[^{F153},
 - (d)] a Primary Care Trust][^{F154}[^{F155},
 - (e)] a Local Health Board][^{F156}[^{F157},
 - (f)] a clinical commissioning group,
 - [^{F158}(g)] the Health and Social Care Information Centre,
 - [^{F159}(h)] the National Health Service Commissioning Board[^{F160},
 - (i)] the National Institute for Health and Care Excellence][^{F161},
 - [^{F162}(j)] Health Education England (established by the Care Act 2014), ^{F163} ...
 - [^{F164}(k)] the Health Research Authority (also established by that Act),]
 - [^{F165}(l)] a strategic highways company appointed under section 1 of the Infrastructure Act 2015.]
- (8) In subsection (6) “a Northern Ireland health and social services body” means—
- (a) a health and social services body as defined in Article 7(6) of the ^{M12}Health and Personal Social Services (Northern Ireland) Order 1991; and
 - (b) a Health and Social Services trust established under that Order.

Textual Amendments

- F140** S. 41(2) omitted (17.7.2012) by virtue of Finance Act 2012 (c. 14), s. 198(2)(a)
- F141** Words in s. 41(3)(b) substituted (17.7.2012) by Finance Act 2012 (c. 14), s. 198(2)(b)
- F142** Words in s. 41(6) inserted (6.5.1999) by 1998 c. 46, s. 125, Sch. 8 para. 30 (with s. 126(3)); S.I. 1998/3178, art. 2(2), Sch. 3
- F143** Words in s. 41(6) inserted (1.4.1999) by 1998 c. 38, s. 125, Sch. 12 para. 35 (with ss. 139(2), 143(2)); S.I. 1999/782, art. 2
- F144** Words in s. 41(6) substituted by Government of Wales Act 2006 (c. 32), ss. 160, 163, Sch. 10 para. 39 (with Sch. 11 para. 22), the amending provision coming into force immediately after "the 2007 election" (held on 3.5.2007) subject to s. 161(1)(4)(5) of the amending Act, which provides for certain provisions to come into force for specified purposes immediately after the end of "the initial period" (which ended with the day of the first appointment of a First Minister on 25.5.2007) - see ss. 46, 161(4)(5) of the amending Act.
- F145** Words in s. 41(6) omitted (8.2.2000) by virtue of S.I. 2000/90, art. 3(1), Sch. 1 para. 29(a) (with art. 2(5))
- F146** Words in s. 41(7) inserted (1.4.2015) by Finance Act 2015 (c. 11), s. 67(1)(a)(2)
- F147** Word in s. 41(7) substituted (17.7.2014) by Finance Act 2014 (c. 26), s. 107(2)(a)
- F148** Words in s. 41(7) substituted (8.2.2000) by S.I. 2000/90, art. 3(1), Sch. 1 para. 29(b) (with art. 2(5))
- F149** Word in s. 41(7) substituted (17.7.2014) by Finance Act 2014 (c. 26), s. 107(2)(b)

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- F150** Word in s. 41(7) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 107\(2\)\(c\)](#)
- F151** Words in s. 41(7) inserted (1.4.2004) by [Health and Social Care \(Community Health and Standards\) Act 2003 \(c. 43\), ss. 33\(3\), 199\(1\), \(4\); S.I. 2004/759, art. 2](#)
- F152** Words in s. 41(7) inserted (1.4.2000 (E.W.) otherwise 11.5.2001) by 1999 c. 8, s. 65, [Sch. 4 para. 86; S.I. 1999/2342, art. 2\(4\)\(b\)\(iii\); S.I. 2001/1985, art. 2\(4\)](#)
- F153** Word in s. 41(7) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 107\(2\)\(d\)](#)
- F154** Words in s. 41(7) inserted (10.10.2002 for W., 1.3.2007 in so far as not already in force, immediately before the National Health Service Act 2006 comes into force) by [National Health Service Reform and Health Care Professions Act 2002 \(c. 17\), s. 42\(3\), Sch. 5 para. 40; S.I. 2002/2532, art. 2, Sch.; S.I. 2006/1407, art. 1\(1\), Sch. 1 para. 12 \(with art. 4\)](#)
- F155** Word in s. 41(7) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 107\(2\)\(e\)](#)
- F156** Words in s. 41(7) inserted (retrospective to 1.4.2013) by [Finance Act 2013 \(c. 29\), s. 191\(1\)\(2\)](#)
- F157** Word in s. 41(7) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 107\(2\)\(f\)](#)
- F158** Word in s. 41(7) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 107\(2\)\(g\)](#)
- F159** Word in s. 41(7) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 107\(2\)\(h\)](#)
- F160** Word in s. 41(7) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 107\(2\)\(i\)](#)
- F161** Words in s. 41(7) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 107\(1\)](#)
- F162** Word in s. 41(7) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 107\(2\)\(j\)](#)
- F163** Word in s. 41(7) omitted (1.4.2015) by virtue of [Finance Act 2015 \(c. 11\), s. 67\(1\)\(b\)\(2\)](#)
- F164** Word in s. 41(7) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 107\(2\)\(k\)\(l\)](#)
- F165** S. 41(7)(l) substituted for words (1.4.2015) by [Finance Act 2015 \(c. 11\), s. 67\(1\)\(c\)\(2\)](#)

Modifications etc. (not altering text)

- C13** S. 41 modified (2.12.1999) by [S.I. 1999/3145, art. 8; S.I. 1999/3208, art. 2](#)

Marginal Citations

- M11** [1978 c. 29.](#)
- M12** [S.I.1991/194.](#)

[^{F166}41A Supply of goods or services by public bodies

- (1) This section applies where goods or services are supplied by a body mentioned in Article 13(1) of the VAT Directive (status of public bodies as taxable persons) in the course of activities or transactions in which it is engaged as a public authority.
- (2) If the supply is in respect of an activity listed in Annex I to the VAT Directive (activities in respect of which public bodies are to be taxable persons), it is to be treated for the purposes of this Act as a supply in the course or furtherance of a business unless it is on such a small scale as to be negligible.
- (3) If the supply is not in respect of such an activity, it is to be treated for the purposes of this Act as a supply in the course or furtherance of a business if (and only if) not charging VAT on the supply would lead to a significant distortion of competition.
- (4) In this section “the VAT Directive” means Council Directive [2006/112/EC](#) on the common system of value added tax.]

Textual Amendments

- F166** S. 41A inserted (17.7.2012) by [Finance Act 2012 \(c. 14\), s. 198\(3\)](#)

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42 Local authorities.

A local authority which makes taxable supplies is liable to be registered under this Act, whatever the value of the supplies; and accordingly Schedule 1 shall apply, in a case where the value of the taxable supplies made by a local authority in any period of one year does not exceed the sum for the time being specified in paragraph 1(1)(a) of that Schedule, as if that value exceeded that sum.

43 Groups of companies.

- (1) Where under [^{F167}sections 43A to 43D] any bodies corporate are treated as members of a group, any business carried on by a member of the group shall be treated as carried on by the representative member, and—
- (a) any supply of goods or services by a member of the group to another member of the group shall be disregarded; and
 - (b) any [^{F168}supply which is a supply to which paragraph (a) above does not apply and is a supply] of goods or services by or to a member of the group shall be treated as a supply by or to the representative member; and
 - (c) any VAT paid or payable by a member of the group on the acquisition of goods from another member State or on the importation of goods from a place outside the member States shall be treated as paid or payable by the representative member and the goods shall be treated—
 - (i) in the case of goods acquired from another member State, for the purposes of section 73(7); and
 - (ii) in the case of goods imported from a place outside the member States, for those purposes and the purposes of section 38,
 as acquired or, as the case may be, imported by the representative member; and all members of the group shall be liable jointly and severally for any VAT due from the representative member.

[^{F169}(1AA) Where—

- (a) it is material, for the purposes of any provision made by or under this Act (“ the relevant provision ”), whether the person by or to whom a supply is made, or the person by whom goods are acquired or imported, is a person of a particular description,
- (b) paragraph (b) or (c) of subsection (1) above applies to any supply, acquisition or importation, and
- (c) there is a difference that would be material for the purposes of the relevant provision between—
 - (i) the description applicable to the representative member, and
 - (ii) the description applicable to the body which (apart from this section) would be regarded for the purposes of this Act as making the supply, acquisition or importation or, as the case may be, as being the person to whom the supply is made,

the relevant provision shall have effect in relation to that supply, acquisition or importation as if the only description applicable to the representative member were the description in fact applicable to that body.

(1AB) Subsection (1AA) above does not apply to the extent that what is material for the purposes of the relevant provision is whether a person is a taxable person.]

(1A)

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- (2) An order under section 5(5) or (6) may make provision for securing that any goods or services which, if all the members of the group were one person, would fall to be treated under that section as supplied to and by that person, are treated as supplied to and by the representative member ^[F170] and may provide for that purpose that the representative member is to be treated as a person of such description as may be determined under the order.]
- ^[F171](2A) A supply made by a member of a group (“ the supplier ”) to another member of the group (“ the UK member ”) shall not be disregarded under subsection (1)(a) above if—
- (a) it would (if there were no group) be a supply of services ^[F172] to which section 7A(2)(a) applies made] to a person belonging in the United Kingdom;
 - (b) those services are not within any of the descriptions specified in Schedule 9;
 - (c) the supplier has been supplied (whether or not by a person belonging in the United Kingdom) with ^[F173] any services ^{F174} ... which do not fall within any of the descriptions specified in Schedule 9 ^[F175] and section 7A(2)(a) applied to the supply];]
 - (d) the supplier belonged outside the United Kingdom when it was supplied with the services mentioned in paragraph (c) above; and
 - (e) the services so mentioned have been used by the supplier for making the supply to the UK member.
- (2B) Subject to subsection (2C) below, where a supply is excluded by virtue of subsection (2A) above from the supplies that are disregarded in pursuance of subsection (1)(a) above, all the same consequences shall follow under this Act as if that supply—
- (a) were a taxable supply in the United Kingdom by the representative member to itself, and
 - (b) without prejudice to that, were made by the representative member in the course or furtherance of its business.
- (2C) ^[F176] Except in so far as the Commissioners may by regulations otherwise provide,] a supply which is deemed by virtue of subsection (2B) above to be a supply by the representative member to itself—
- (a) shall not be taken into account as a supply made by the representative member when determining any allowance of input tax under section 26(1) in the case of the representative member;
 - (b) shall be deemed for the purposes of paragraph 1 of Schedule 6 to be a supply in the case of which the person making the supply and the person supplied are connected within the meaning of ^[F177] section 1122 of the Corporation Tax Act 2010] (connected persons); and
 - (c) subject to paragraph (b) above ^[F178] and paragraph 8A of Schedule 6], shall be taken to be a supply the value and time of which are determined as if it were a supply of services which is treated by virtue of section 8 as made by the person by whom the services are received.
- (2D) For the purposes of subsection (2A) above where—
- (a) there has been a supply of the assets of a business of a person (“ the transferor ”) to a person to whom the whole or any part of that business was transferred as a going concern (“ the transferee ”),
 - (b) that supply is either—

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- (i) a supply falling to be treated, in accordance with an order under section 5(3), as being neither a supply of goods nor a supply of services, or
- (ii) a supply that would have fallen to be so treated if it had taken place in the United Kingdom,

and

- (c) the transferor was supplied with services ^{F179}... at a time before the transfer when the transferor belonged outside the United Kingdom [^{F180}and section 7A(2)(a) applied to the supply],

those services, so far as they are used by the transferee for making any supply [^{F181}to which section 7A(2)(a) applies.] shall be deemed to have been supplied to the transferee at a time when the transferee belonged outside the United Kingdom.

(2E) Where, in the case of a supply of assets falling within paragraphs (a) and (b) of subsection (2D) above—

- (a) the transferor himself acquired any of the assets in question by way of a previous supply of assets falling within those paragraphs, and
- (b) [^{F182}there is a supply to which section 7A(2)(a) applies of services which, if used by the transferor for making such a supply,] would be deemed by virtue of that subsection to have been supplied to the transferor at a time when he belonged outside the United Kingdom,

that subsection shall have effect, notwithstanding that the services have not been so used by the transferor, as if the transferor were a person to whom those services were supplied and as if he were a person belonging outside the United Kingdom at the time of their deemed supply to him; and this subsection shall apply accordingly through any number of successive supplies of assets falling within paragraphs (a) and (b) of that subsection.]

^{F183}(3)

(4)

(5)

^{F184}(5A)

(6)

(7)

(8)

[^{F185}(9) Schedule 9A (which makes provision for ensuring that this section is not used for tax avoidance) shall have effect.]

Textual Amendments

F167 Words in s. 43(1) substituted (22.7.2004) by [Finance Act 2004 \(c. 12\), s. 20\(3\)](#)

F168 Words in s. 43(1)(b) substituted (1.5.1995 with effect as mentioned in [s. 25\(5\)](#) of the amending Act) by [1995 c. 4, s. 25\(2\)\(5\)](#)

F169 S. 43(1AA)(1AB) inserted (with effect in relation to any supply made after 26.11.1996 and in relation to any acquisition or importation taking place after that date) by [1997 c. 16, s. 40\(1\)\(3\)](#)

F170 Words in s. 43(2) inserted (19.3.1997) by [1997 c. 16, s. 40\(2\)](#)

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- F171** S. 43(2A)-(2E) inserted (with effect in relation to supplies made on or after 26.11.1996) by 1997 c. 16, s. 41(1)(2)
- F172** Words in s. 43(2A)(a) substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by Finance Act 2009 (c. 10), Sch. 36 paras. 7(2)(a), 14(2) (with Sch. 36 paras. 14(2), 19)
- F173** Words in s. 43(2A) substituted (19.3.1997) by 1997 c. 16, s. 41(3)(4)
- F174** Words in s. 43(2A)(c) omitted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by virtue of Finance Act 2009 (c. 10), Sch. 36 paras. 7(2)(b)(i), 14(2) (with Sch. 36 paras. 14(2), 19)
- F175** Words in s. 43(2A)(c) inserted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by Finance Act 2009 (c. 10), Sch. 36 paras. 7(2)(b)(ii), 14(2) (with Sch. 36 paras. 14(2), 19)
- F176** Words in s. 43(2C) inserted (19.3.1997) by 1997 c. 16, s. 41(3)(5)
- F177** Words in s. 43(2C)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 285(a) (with Sch. 2)
- F178** Words in s. 43(2C)(c) inserted (with effect in accordance with s. 200(8) of the amending Act) by Finance Act 2012 (c. 14), s. 200(2)
- F179** Words in s. 43(2D)(c) omitted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by virtue of Finance Act 2009 (c. 10), Sch. 36 paras. 7(3)(a)(i), 14(2) (with Sch. 36 paras. 14(2), 19)
- F180** Words in s. 43(2D)(c) inserted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by Finance Act 2009 (c. 10), Sch. 36 paras. 7(3)(a)(ii), 14(2) (with Sch. 36 paras. 14(2), 19)
- F181** Words in s. 43(2D) substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by Finance Act 2009 (c. 10), Sch. 36 paras. 7(3)(b), 14(2) (with Sch. 36 paras. 14(2), 19)
- F182** Words in s. 43(2E)(b) substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by Finance Act 2009 (c. 10), Sch. 36 paras. 7(4), 14(2) (with Sch. 36 paras. 14(2), 19)
- F183** S 43(3)-(8) repealed (27.7.1999 with effect as mentioned in Sch. 2 para. 6 of the amending Act) by 1999 c. 16, ss. 16, 139, Sch. 2 para. 1(3), Sch. 20 Pt. II(1)
- F184** S. 43(5A) inserted (1.5.1995 with effect as mentioned in s. 25(5) of the amending Act) by 1995 c. 4, s. 25(4)(5)
- F185** S. 43(9) inserted (29.4.1996) by 1996 c. 8, s. 31(1)

[43A] ^{F186}**Groups: eligibility.**

- (1) Two or more bodies corporate are eligible to be treated as members of a group if each is established or has a fixed establishment in the United Kingdom and—
 - (a) one of them controls each of the others,
 - (b) one person (whether a body corporate or an individual) controls all of them, or
 - (c) two or more individuals carrying on a business in partnership control all of them.
- (2) For the purposes of this section a body corporate shall be taken to control another body corporate if it is empowered by statute to control that body's activities or if it is that body's holding company within the meaning of section ^{F187}1159 of and Schedule 6 to] the Companies Act ^{F187}2006].
- (3) For the purposes of this section an individual or individuals shall be taken to control a body corporate if he or they, were he or they a company, would be that body's holding company within the meaning of ^{F188}those provisions].]

Textual Amendments

- F186** Ss. 43A-43C inserted (27.7.1999) by 1999 c. 16, s. 16, Sch. 2 para. 2

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F187 Words in s. 43A(2) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009 \(S.I. 2009/1890\)](#), arts. 1(1), **4(1)(j)**

F188 Words in s. 43A(3) substituted (1.10.2009) by [The Companies Act 2006 \(Consequential Amendments\) \(Taxes and National Insurance\) Order 2009 \(S.I. 2009/1890\)](#), arts. 1(1), **4(3)**

Modifications etc. (not altering text)

C14 S. 43A modified (1.8.2004) by [The Value Added Tax \(Groups: eligibility\) Order 2004 \(S.I. 2004/1931\)](#), arts. 1, 2

C15 Ss. 43A-43D applied (with effect in accordance with Sch. 18 para. 63 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 18 para. 45(3)**

[^{F189}43A Power to alter eligibility for grouping

- (1) The Treasury may by order provide for section 43A to have effect with specified modifications in relation to a specified class of person.
- (2) An order under subsection (1) may, in particular—
 - (a) make provision by reference to generally accepted accounting practice;
 - (b) define generally accepted accounting practice for that purpose by reference to a specified document or instrument (and may provide for the reference to be read as including a reference to any later document or instrument that amends or replaces the first);
 - (c) adopt any statutory or other definition of generally accepted accounting practice (with or without modification);
 - (d) make provision by reference to what would be required or permitted by generally accepted accounting practice if accounts, or accounts of a specified kind, were prepared for a person.
- (3) An order under subsection (1) may also, in particular, make provision by reference to—
 - (a) the nature of a person;
 - (b) past or intended future activities of a person;
 - (c) the relationship between a number of persons;
 - (d) the effect of including a person within a group or of excluding a person from a group.
- (4) An order under subsection (1) may—
 - (a) make provision which applies generally or only in specified circumstances;
 - (b) make different provision for different circumstances;
 - (c) include supplementary, incidental, consequential or transitional provision.]

Textual Amendments

F189 S. 43AA inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), s. 20(1)

Modifications etc. (not altering text)

C15 Ss. 43A-43D applied (with effect in accordance with Sch. 18 para. 63 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), **Sch. 18 para. 45(3)**

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[^{F190} 43B Groups: applications.

- (1) This section applies where an application is made to the Commissioners for two or more bodies corporate, which are eligible [^{F191}by virtue of section 43A], to be treated as members of a group.
- (2) This section also applies where two or more bodies corporate are treated as members of a group and an application is made to the Commissioners—
 - (a) for another body corporate, which is eligible [^{F192}by virtue of section 43A] to be treated as a member of the group, to be treated as a member of the group,
 - (b) for a body corporate to cease to be treated as a member of the group,
 - (c) for a member to be substituted as the group's representative member, or
 - (d) for the bodies corporate no longer to be treated as members of a group.
- (3) An application with respect to any bodies corporate—
 - (a) must be made by one of them or by the person controlling them, and
 - (b) in the case of an application for the bodies to be treated as a group, must appoint one of them as the representative member.
- (4) Where this section applies in relation to an application it shall, subject to subsection (6) below, be taken to be granted with effect from—
 - (a) the day on which the application is received by the Commissioners, or
 - (b) such earlier or later time as the Commissioners may allow.
- (5) The Commissioners may refuse an application, within the period of 90 days starting with the day on which it was received by them, if it appears to them—
 - (a) in the case of an application such as is mentioned in subsection (1) above, that the bodies corporate are not eligible [^{F193}by virtue of section 43A] to be treated as members of a group,
 - (b) in the case of an application such as is mentioned in subsection (2)(a) above, that the body corporate is not eligible [^{F194}by virtue of section 43A] to be treated as a member of the group, or
 - (c) in any case, that refusal of the application is necessary for the protection of the revenue.
- (6) If the Commissioners refuse an application it shall be taken never to have been granted.]

Textual Amendments

F190 Ss. 43A-43C inserted (27.7.1999) by 1999 c. 16, s. 16, Sch. 2 para. 2

F191 Words in s. 43B(1) substituted (22.7.2004) by Finance Act 2004 (c. 12), s. 20(4)

F192 Words in s. 43B(2)(a) substituted (22.7.2004) by Finance Act 2004 (c. 12), s. 20(4)

F193 Words in s. 43B(5)(a) substituted (22.7.2004) by Finance Act 2004 (c. 12), s. 20(4)

F194 Words in s. 43B(5)(b) substituted (22.7.2004) by Finance Act 2004 (c. 12), s. 20(4)

Modifications etc. (not altering text)

C15 Ss. 43A-43D applied (with effect in accordance with Sch. 18 para. 63 of the amending Act) by Finance Act 2016 (c. 24), Sch. 18 para. 45(3)

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[^{F195} 43C Groups: termination of membership.

- (1) The Commissioners may, by notice given to a body corporate, terminate its treatment as a member of a group from a date—
 - (a) which is specified in the notice, and
 - (b) which is, or falls after, the date on which the notice is given.
- (2) The Commissioners may give a notice under subsection (1) above only if it appears to them to be necessary for the protection of the revenue.
- (3) Where—
 - (a) a body is treated as a member of a group, and
 - (b) it appears to the Commissioners that the body is not, or is no longer, eligible [^{F196}by virtue of section 43A] to be treated as a member of the group,
 the Commissioners shall, by notice given to the body, terminate its treatment as a member of the group from a date specified in the notice.
- (4) The date specified in a notice under subsection (3) above may be earlier than the date on which the notice is given but shall not be earlier than—
 - (a) the first date on which, in the opinion of the Commissioners, the body was not eligible to be treated as a member of the group, or
 - (b) the date on which, in the opinion of the Commissioners, the body ceased to be eligible to be treated as a member of the group.]

Textual Amendments

F195 Ss. 43A-43C inserted (27.7.1999) by 1999 c. 16, s. 16, **Sch. 2 para. 2**

F196 Words in s. 43C(3)(b) substituted (22.7.2004) by **Finance Act 2004 (c. 12), s. 20(4)**

Modifications etc. (not altering text)

C15 Ss. 43A-43D applied (with effect in accordance with Sch. 18 para. 63 of the amending Act) by **Finance Act 2016 (c. 24), Sch. 18 para. 45(3)**

[^{F197} 43D Groups: duplication

- (1) A body corporate may not be treated as a member of more than one group at a time.
- (2) A body which is a member of one group is not eligible by virtue of section 43A to be treated as a member of another group.
- (3) If—
 - (a) an application under section 43B(1) would have effect from a time in accordance with section 43B(4), but
 - (b) at that time one or more of the bodies specified in the application is a member of a group (other than that to which the application relates),
 the application shall have effect from that time, but with the exclusion of the body or bodies mentioned in paragraph (b).
- (4) If—
 - (a) an application under section 43B(2)(a) would have effect from a time in accordance with section 43B(4), but

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- (b) at that time the body specified in the application is a member of a group (other than that to which the application relates),
the application shall have no effect.
- (5) Where a body is a subject of two or more applications under section 43B(1) or (2)(a) that have not been granted or refused, the applications shall have no effect.]

Textual Amendments

F197 Ss. 43D inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), s. 20(2)

Modifications etc. (not altering text)

C15 Ss. 43A-43D applied (with effect in accordance with Sch. 18 para. 63 of the amending Act) by [Finance Act 2016 \(c. 24\)](#), [Sch. 18 para. 45\(3\)](#)

44 Supplies to groups.

- (1) Subject to subsections (2) to (4) below, subsection (5) below applies where—
- a business, or part of a business, carried on by a taxable person is transferred as a going concern to a body corporate treated as a member of a group under section 43;
 - on the transfer of the business or part, chargeable assets of the business are transferred to the body corporate; and
 - the transfer of the assets is treated by virtue of section 5(3)(c) as neither a supply of goods nor a supply of services.
- (2) Subsection (5) below shall not apply if the representative member of the group is entitled to credit for the whole of the input tax on supplies to it and acquisitions and importations by it—
- during the prescribed accounting period in which the assets are transferred, and
 - during any longer period to which regulations under section 26(3)(b) relate and in which the assets are transferred.
- (3) Subsection (5) below shall not apply if the Commissioners are satisfied that the assets were assets of the taxable person transferring them more than 3 years before the day on which they are transferred.
- (4) Subsection (5) below shall not apply to the extent that the chargeable assets consist of capital items in respect of which regulations made under section 26(3) and (4), and in force when the assets are transferred, provide for adjustment to the deduction of input tax.
- (5) The chargeable assets shall be treated for the purposes of this Act as being, on the day on which they are transferred, both supplied to the representative member of the group for the purpose of its business and supplied by that member in the course or furtherance of its business.
- (6) A supply treated under subsection (5) above as made by a representative member shall not be taken into account as a supply made by him when determining the allowance of input tax in his case under section 26.

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- (7) The value of a supply treated under subsection (5) above as made to or by a representative member shall be taken to be the open market value of the chargeable assets.
- (8) For the purposes of this section, the open market value of any chargeable assets shall be taken to be the price that would be paid on a sale (on which no VAT is payable) between a buyer and a seller who are not in such a relationship as to affect the price.
- (9) The Commissioners may reduce the VAT chargeable by virtue of subsection (5) above in a case where they are satisfied that the person by whom the chargeable assets are transferred has not received credit for the full amount of input tax arising on the supply to or acquisition or importation by him of the chargeable assets.
- (10) For the purposes of this section, assets are chargeable assets if their supply in the United Kingdom by a taxable person in the course or furtherance of his business would be a taxable supply (and not a zero-rated supply).

45 Partnerships.

- (1) The registration under this Act of persons—
 - (a) carrying on a business in partnership, or
 - (b) carrying on in partnership any other activities in the course or furtherance of which they acquire goods from other member States,
 may be in the name of the firm; and no account shall be taken, in determining for any purpose of this Act whether goods or services are supplied to or by such persons or are acquired by such persons from another member State, of any change in the partnership.
- (2) Without prejudice to section 36 of the ^{M13}Partnership Act 1890 (rights of persons dealing with firm against apparent members of firm), until the date on which a change in the partnership is notified to the Commissioners a person who has ceased to be a member of a partnership shall be regarded as continuing to be a partner for the purposes of this Act and, in particular, for the purpose of any liability for VAT on the supply of goods or services by the partnership or on the acquisition of goods by the partnership from another member State.
- (3) Where a person ceases to be a member of a partnership during a prescribed accounting period (or is treated as so doing by virtue of subsection (2) above) any notice, whether of assessment or otherwise, which is served on the partnership and relates to, or to any matter arising in, that period or any earlier period during the whole or part of which he was a member of the partnership shall be treated as served also on him.
- (4) Without prejudice to section 16 of the ^{M14}Partnership Act 1890 (notice to acting partner to be notice to the firm) any notice, whether of assessment or otherwise, which is addressed to a partnership by the name in which it is registered by virtue of subsection (1) above and is served in accordance with this Act shall be treated for the purposes of this Act as served on the partnership and, accordingly, where subsection (3) above applies, as served also on the former partner.
- (5) Subsections (1) and (3) above shall not affect the extent to which, under section 9 of the ^{M15}Partnership Act 1890, a partner is liable for VAT owed by the firm; but where a person is a partner in a firm during part only of a prescribed accounting period, his liability for VAT on the supply by the firm of goods or services during that accounting period or on the acquisition during that period by the firm of any goods from another member State shall be such proportion of the firm's liability as may be just.

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Marginal Citations

M13 1890 c. 39.

M14 1890 c. 39.

M15 1890 c. 39.

46 Business carried on in divisions or by unincorporated bodies, personal representatives etc.

- (1) The registration under this Act of a body corporate carrying on a business in several divisions may, if the body corporate so requests and the Commissioners see fit, be in the names of those divisions.
- (2) The Commissioners may by regulations make provision for determining by what persons anything required by or under this Act to be done by a person carrying on a business is to be done where a business is carried on in partnership or by a club, association or organisation the affairs of which are managed by its members or a committee or committees of its members.
- (3) The registration under this Act of any such club, association or organisation may be in the name of the club, association or organisation; and in determining whether goods or services are supplied to or by such a club, association or organisation or whether goods are acquired by such a club, association or organisation from another member State, no account shall be taken of any change in its members.
- (4) The Commissioners may by regulations make provision for persons who carry on a business of a taxable person who has died or become bankrupt or has had his estate sequestrated or has become incapacitated to be treated for a limited time as taxable persons, and for securing continuity in the application of this Act in cases where persons are so treated.
- (5) In relation to a company which is a taxable person, the reference in subsection (4) above to the taxable person having become bankrupt or having had his estate sequestrated or having become incapacitated shall be construed as a reference to its being in liquidation or receivership or [^{F198}administration].
- (6) References in this section to a business include references to any other activities in the course or furtherance of which any body corporate or any club, association, organisation or other unincorporated body acquires goods from another member State.

Textual Amendments

F198 Word in s. 46(5) substituted (15.9.2003) by [Enterprise Act 2002 \(Insolvency\) Order 2003 \(S.I. 2003/2096\)](#), art. 1(1), [Sch. para. 25](#) (with art. 6)

47 Agents etc.

- (1) Where—
 - (a) goods are acquired from another member State by a person who is not a taxable person and a taxable person acts in relation to the acquisition, and then supplies the goods as agent for the person by whom they are so acquired; or

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- (b) goods are imported from a place outside the member States by a taxable person who supplies them as agent for a person who is not a taxable person, [F199] then, if the taxable person acts in relation to the supply in his own name, the goods shall] be treated for the purposes of this Act as acquired and supplied or, as the case may be, imported and supplied by the taxable person as principal.
- (2) For the purposes of subsection (1) above a person who is not resident in the United Kingdom and whose place or principal place of business is outside the United Kingdom may be treated as not being a taxable person if as a result he will not be required to be registered under this Act.
- [F200(2A) Where, in the case of any supply of goods to which subsection (1) above does not apply, goods are supplied through an agent who acts in his own name, the supply shall be treated both as a supply to the agent and as a supply by the agent.]
- (3) Where [F201] . . . services[F202], other than electronically supplied services and telecommunication services,] are supplied through an agent who acts in his own name the Commissioners may, if they think fit, treat the supply both as a supply to the agent and as a supply by the agent.
- [F203(4) Where electronically supplied services or telecommunication services are supplied through an agent, the supply is to be treated both as a supply to the agent and as a supply by the agent.
- (5) For the purposes of subsection (4) “agent” means a person (“A”) who acts in A's own name but on behalf of another person within the meaning of Article 28 of Council Directive [2006/112/EC](#) on the common system of value added tax.
- (6) In this section “electronically supplied services” and “telecommunication services” have the same meaning as in Schedule 4A (see paragraph 9(3) and (4) and [F204]paragraph 9E(2)] of that Schedule.)]

Textual Amendments

- F199** Words in s. 47(1) substituted (1.5.1995 with effect as mentioned in s. 23(4)(a) of the amending Act) by [1995 c. 4, s. 23\(1\)](#)
- F200** S. 47(2A) inserted (1.5.1995 with effect as mentioned in s. 23(4)(b) of the amending Act) by [1995 c. 4, s. 23\(2\)](#)
- F201** Words in s. 47(3) repealed (1.5.1995 with effect as mentioned in s. 23(4)(b) of the amending Act) by [1995 c. 4, ss. 23\(3\), 162, Sch. 29 Pt. VI\(2\)](#) Note
- F202** Words in s. 47(3) inserted (with effect in accordance with s. 106(4) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 106\(2\)](#)
- F203** S. 47(4)-(6) inserted (with effect in accordance with s. 106(4) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 106\(3\)](#)
- F204** Words in s. 47(6) substituted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Value Added Tax \(Place of Supply of Services\) \(Telecommunication Services\) Order 2017 \(S.I. 2017/778\), arts. 1\(1\), 5](#)

48 VAT representatives [F205] and security].

- (1) [F206]Subsection (1ZA) applies where] any person—

Status: Point in time view as at 28/01/2019.

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- (a) is a taxable person for the purposes of this Act or, without being a taxable person, is a person who makes taxable supplies or who acquires goods in the United Kingdom from one or more other member States;
- ^{F207}[(b) is not established, and does not have any fixed establishment, in the United Kingdom;
- (ba) is established in a country or territory in respect of which it appears to the Commissioners that the condition specified in subsection (1A) below is satisfied; and]
- (c) in the case of an individual, does not have his usual place of residence [^{F208}or permanent address] in the United Kingdom,
- ^{F209} ...
- ^{F210}(1ZA) The Commissioners may direct the person to secure that there is a UK-established person who is—
- (a) appointed to act on the person's behalf in relation to VAT, and
- (b) registered against the name of the person in accordance with any regulations under subsection (4).]
- ^{F211}[(1A) The condition mentioned in subsection (1)(ba) above is that—
- (a) the country or territory is neither a member State nor a part of a member State, and
- (b) there is no provision for mutual assistance between the United Kingdom and the country or territory similar in scope to the assistance provided for between the United Kingdom and each other member State by the mutual assistance provisions.
- (1B) In subsection (1A) above “the mutual assistance provisions” means—
- ^{F212}(a) section 87 of the Finance Act 2011 (mutual assistance for recovery of taxes etc) and Schedule 25 to that Act;
- (b) section 173 of the Finance Act 2006 (international tax enforcement arrangements);]
- ^{F213}(c) Council Regulation (EC) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax.]]
- ^{F214}[(2) With the agreement of the Commissioners, a person—
- (a) who has not been [^{F215}given a direction under subsection (1ZA)] , and
- (b) in relation to whom the conditions specified in paragraphs (a), (b) and (c) of [^{F216}subsection (1)] are satisfied,
- may appoint [^{F217}a UK-established] person to act on his behalf in relation to VAT.
- (2A) In this Act “VAT representative” means a person appointed under subsection [^{F218}(1ZA)] or (2) above.]
- (3) Where any person is appointed by virtue of this section to be the VAT representative of another (“his principal”), then, subject to subsections (4) to (6) below, the VAT representative—
- (a) shall be entitled to act on his principal’s behalf for any of the purposes of this Act, of any other enactment (whenever passed) relating to VAT or of any subordinate legislation made under this Act or any such enactment;
- (b) shall, subject to such provisions as may be made by the Commissioners by regulations, secure (where appropriate by acting on his principal’s behalf) his principal’s compliance with and discharge of the obligations and liabilities to

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- which his principal is subject by virtue of this Act, any such other enactment or any such subordinate legislation; and
- (c) shall be personally liable in respect of—
- (i) any failure to secure his principal's compliance with or discharge of any such obligation or liability; and
 - (ii) anything done for purposes connected with acting on his principal's behalf,
- as if the obligations and liabilities imposed on his principal were imposed jointly and severally on the VAT representative and his principal.
- (4) A VAT representative shall not be liable by virtue of subsection (3) above himself to be registered under this Act, but regulations made by the Commissioners may—
- (a) require the registration of the names of VAT representatives against the names of their principals in any register kept for the purposes of this Act; ^{F219}...
 - (b) make it the duty of a VAT representative, for the purposes of registration, to notify the Commissioners, within such period as may be prescribed, that his appointment has taken effect or has ceased to have effect.
- ^{F220}(c) give the Commissioners power to refuse to register a person as a VAT representative, or to cancel a person's registration as a VAT representative, in such circumstances as may be specified in the regulations.]
- ^{F221}(4A) Regulations under subsection (4) may require a notification under that subsection to be made in such form and manner, and to contain such particulars, as may be specified in the regulations or by the Commissioners in accordance with the regulations.]
- (5) A VAT representative shall not by virtue of subsection (3) above be guilty of any offence except in so far as—
- (a) the VAT representative has consented to, or connived in, the commission of the offence by his principal;
 - (b) the commission of the offence by his principal is attributable to any neglect on the part of the VAT representative; or
 - (c) the offence consists in a contravention by the VAT representative of an obligation which, by virtue of that subsection, is imposed both on the VAT representative and on his principal.
- (6) The Commissioners may by regulations make provision as to the manner and circumstances in which a person is to be appointed, or is to be treated as having ceased to be, another's VAT representative; and regulations under this subsection may include such provision as the Commissioners think fit for the purposes of subsection (4) above with respect to the making or deletion of entries in any register.
- (7) ^{F222}The Commissioners may require a person in relation to whom the conditions specified in paragraphs (a), (b) and (c) of subsection (1) are satisfied] to provide such security, or further security, as they may think appropriate for the payment of any VAT which is or may become due from him.
- ^{F223}(7A) A sum required by way of security under subsection (7) above shall be deemed for the purposes of—
- (a) section 51 of the Finance Act 1997 (enforcement ^{F224}by taking control of goods or, in Northern Ireland,] by distress) and any regulations under that section, and
 - (b) section 52 of that Act (enforcement by diligence),

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to be recoverable as if it were VAT due from the person who is required to provide it.]

[^{F225}(7B) A direction under subsection (1ZA)—

- (a) may specify a time by which it (or any part of it) must be complied with;
- (b) may be varied;
- (c) continues to have effect (subject to any variation) until it is withdrawn or the conditions specified in subsection (1) are no longer satisfied.

(7C) A requirement under subsection (7)—

- (a) may specify a time by which it (or any part of it) must be complied with;
- (b) may be varied;
- (c) continues to have effect (subject to any variation) until it is withdrawn.]

(8) For the purposes of this Act a person shall not be treated as having been directed to appoint a VAT representative, or as having been required to provide security under subsection (7) above, unless the Commissioners have either—

- (a) served notice of the direction or requirement on him; or
- (b) taken all such other steps as appear to them to be reasonable for bringing the direction or requirement to his attention.

[^{F226}(8A) For the purposes of subsections (1ZA) and (2)—

- (a) a person is UK-established if the person is established, or has a fixed establishment, in the United Kingdom, and
- (b) an individual is also UK-established if the person's usual place of residence or permanent address is in the United Kingdom.]

[^{F227}(9) The Treasury may by order amend the definition of “the mutual assistance provisions” in subsection (1B) above.]

Textual Amendments

- F205** Words in s. 48 heading inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(2\)](#)
- F206** Words in s. 48(1) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(3\)\(a\)](#)
- F207** S. 48(1)(b)(ba) substituted for s. 48(1)(b) (31.12.2001) by [2001 c. 9, s. 100\(1\)\(4\)](#)
- F208** Words in s. 48(1)(c) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(3\)\(b\)](#)
- F209** Words in s. 48(1) omitted (15.9.2016) by virtue of [Finance Act 2016 \(c. 24\), s. 123\(3\)\(c\)](#)
- F210** S. 48(1ZA) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(4\)](#)
- F211** S. 48(1A)(1B) inserted (31.12.2001) by [2001 c. 9, s. 100\(2\)\(4\)](#)
- F212** [S. 48\(1B\)\(a\)\(b\)](#) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(5\)](#)
- F213** S. 48(1B)(c) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 29 para. 6\(2\)](#)
- F214** S. 48(2)(2A) substituted for s. 48(2) (31.12.2001) by [2001 c. 9, s. 100\(3\)\(4\)](#)
- F215** Words in s. 48(2)(a) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(6\)\(a\)](#)
- F216** Words in s. 48(2)(b) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(6\)\(b\)](#)
- F217** Words in s. 48(2) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(6\)\(c\)](#)
- F218** Word in s. 48(2A) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(7\)](#)
- F219** Word in s. 48(4)(a) omitted (15.9.2016) by virtue of [Finance Act 2016 \(c. 24\), s. 123\(8\)\(a\)](#)
- F220** S. 48(4)(c) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(8\)\(b\)](#)
- F221** S. 48(4A) inserted (17.7.2012) by [Finance Act 2012 \(c. 14\), Sch. 29 para. 6\(3\)](#)
- F222** Words in s. 48(7) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 123\(9\)](#)
- F223** S. 48(7A) inserted (1.7.1997) by [1997 c. 16, s. 53\(6\)](#); [S.I. 1997/1432, art. 2](#)
- F224** Words in s. 48(7A) inserted (6.4.2014) by [Tribunals, Courts and Enforcement Act 2007 \(c. 15\), s. 148, Sch. 13 para. 118](#) (with s. 89); [S.I. 2014/768, art. 2\(1\)\(b\)](#)

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F225 S. 48(7B)(7C) inserted (15.9.2016) by Finance Act 2016 (c. 24), s. 123(10)

F226 S. 48(8A) inserted (15.9.2016) by Finance Act 2016 (c. 24), s. 123(11)

F227 S. 48(9) inserted (10.7.2003) by Finance Act 2003 (c. 14), s. 197(7)(b)

49 Transfers of going concerns.

- (1) Where a business [^{F228}, or part of a business,] carried on by a taxable person is transferred to another person as a going concern, then—
- (a) for the purpose of determining whether the transferee is liable to be registered under this Act he shall be treated as having carried on the business [^{F229} or part of the business] before as well as after the transfer and supplies by the transferor shall be treated accordingly; ^{F230} ...
- ^{F230}(b)
- (2) Without prejudice to subsection (1) above, the Commissioners may by regulations make provision for securing continuity in the application of this Act in cases where a business [^{F231}, or part of a business,] carried on by a taxable person is transferred to another person as a going concern and the transferee is registered under this Act in substitution for the transferor.
- [^{F232}(2A) Regulations under subsection (2) above may, in particular, provide for the duties under this Act of the transferor to preserve records relating to the business or part of the business for any period after the transfer to become duties of the transferee unless the Commissioners, at the request of the transferor, otherwise direct.]
- (3) Regulations under subsection (2) above may, in particular, provide—
- (a) for liabilities and duties under this Act (excluding sections 59 to 70) of the transferor [^{F233} (other than the duties mentioned in subsection (2A) above)] to become, to such extent as may be provided by the regulations, liabilities and duties of the transferee; and
- (b) for any right of either of them to repayment or credit in respect of VAT to be satisfied by making a repayment or allowing a credit to the other;
- but no such provision as is mentioned in paragraph (a) or (b) of this subsection shall have effect in relation to any transferor and transferee unless an application in that behalf has been made by them under the regulations.
- [^{F234}(4) Subsection (5) below applies where—
- (a) a business, or part of a business, carried on by a taxable person is transferred to another person as a going concern, and
- (b) the transferor continues to be required under this Act to preserve for any period after the transfer any records relating to the business or part of the business.
- (5) So far as is necessary for the purpose of complying with the transferee's duties under this Act, the transferee (“E”) may require the transferor—
- (a) to give to E, within such time and in such form as E may reasonably require, such information contained in the records as E may reasonably specify,
- (b) to give to E, within such time and in such form as E may reasonably require, such copies of documents forming part of the records as E may reasonably specify, and
- (c) to make the records available for E's inspection at such time and place as E may reasonably require (and permit E to take copies of, or make extracts from, them).

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- (6) Where a business, or part of a business, carried on by a taxable person is transferred to another person as a going concern, the Commissioners may disclose to the transferee any information relating to the business when it was carried on by the transferor for the purpose of enabling the transferee to comply with the transferee's duties under this Act.]

Textual Amendments

- F228** Words in s. 49(1) inserted (with effect in accordance with s. 100(10) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 100\(2\)\(a\)](#)
- F229** Words in s. 49(1)(a) inserted (with effect in accordance with s. 100(10) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 100\(2\)\(b\)](#)
- F230** S. 49(1)(b) and word omitted (with effect in accordance with s. 100(10) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 100\(2\)\(c\)](#), [Sch. 27 Pt. 6\(2\)](#)
- F231** Words in s. 49(2) inserted (with effect in accordance with s. 100(10) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 100\(3\)](#)
- F232** S. 49(2A) inserted (with effect in accordance with s. 100(10) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 100\(4\)](#)
- F233** Words in s. 49(3)(a) inserted (with effect in accordance with s. 100(10) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 100\(5\)](#)
- F234** S. 49(4)-(6) inserted (with effect in accordance with s. 100(10) of the amending Act) by [Finance Act 2007 \(c. 11\), s. 100\(6\)](#)

50 Terminal markets.

- (1) The Treasury may by order make provision for modifying the provisions of this Act in their application to dealings on terminal markets and such persons ordinarily engaged in such dealings as may be specified in the order, subject to such conditions as may be so specified.
- (2) Without prejudice to the generality of subsection (1) above, an order under this section may include provision—
- for zero-rating the supply of any goods or services or for treating the supply of any goods or services as exempt;
 - for the registration under this Act of any body of persons representing persons ordinarily engaged in dealing on a terminal market and for disregarding such dealings by persons so represented in determining liability to be registered under this Act, and for disregarding such dealings between persons so represented for all the purposes of this Act;
 - for refunding, to such persons as may be specified by or under the order, input tax attributable to such dealings on a terminal market as may be so specified, and may contain such incidental and supplementary provisions as appear to the Treasury to be necessary or expedient.
- (3) An order under this section may make different provision with respect to different terminal markets and with respect to different commodities.

[^{F235}50A Margin schemes.

- (1) The Treasury may by order provide, in relation to any such description of supplies to which this section applies as may be specified in the order, for a taxable person to be

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entitled to opt that, where he makes supplies of that description, VAT is to be charged by reference to the profit margin on the supplies, instead of by reference to their value.

- (2) This section applies to the following supplies, that is to say—
 - (a) supplies of works of art, antiques or collectors' items;
 - (b) supplies of motor vehicles;
 - (c) supplies of second-hand goods; and
 - (d) any supply of goods through a person who acts as an agent, but in his own name, in relation to the supply.
- (3) An option for the purposes of an order under this section shall be exercisable, and may be withdrawn, in such manner as may be required by such an order.
- (4) Subject to subsection (7) below, the profit margin on a supply to which this section applies shall be taken, for the purposes of an order under this section, to be equal to the amount (if any) by which the price at which the person making the supply obtained the goods in question is exceeded by the price at which he supplies them.
- (5) For the purposes of this section the price at which a person has obtained any goods and the price at which he supplies them shall each be calculated in accordance with the provisions contained in an order under this section; and such an order may, in particular, make provision stipulating the extent to which any VAT charged on a supply, acquisition or importation of any goods is to be treated as included in the price at which those goods have been obtained or are supplied.
- (6) An order under this section may provide that the consideration for any services supplied in connection with a supply of goods by a person who acts as an agent, but in his own name, in relation to the supply of the goods is to be treated for the purposes of any such order as an amount to be taken into account in computing the profit margin on the supply of the goods, instead of being separately chargeable to VAT as comprised in the value of the services supplied.
- (7) An order under this section may provide for the total profit margin on all the goods of a particular description supplied by a person in any prescribed accounting period to be calculated by—
 - (a) aggregating all the prices at which that person obtained goods of that description in that period together with any amount carried forward to that period in pursuance of paragraph (d) below;
 - (b) aggregating all the prices at which he supplies goods of that description in that period;
 - (c) treating the total profit margin on goods supplied in that period as being equal to the amount (if any) by which, for that period, the aggregate calculated in pursuance of paragraph (a) above is exceeded by the aggregate calculated in pursuance of paragraph (b) above; and
 - (d) treating any amount by which, for that period, the aggregate calculated in pursuance of paragraph (b) above is exceeded by the aggregate calculated in pursuance of paragraph (a) above as an amount to be carried forward to the following prescribed accounting period so as to be included, for the period to which it is carried forward, in any aggregate falling to be calculated in pursuance of paragraph (a) above.
- (8) An order under this section may—
 - (a) make different provision for different cases; and

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- (b) make provisions of the order subject to such general or special directions as may, in accordance with the order, be given by the Commissioners with respect to any matter to which the order relates.]

Textual Amendments

F235 S. 50A inserted (1.5.1995) by [1995 c. 4, s. 24\(1\)](#)

51 Buildings and land.

- (1) Schedule 10 shall have effect with respect to buildings and land.
(2) The Treasury may by order amend Schedule 10.

[^{F236}51B Face-value vouchers

Schedule 10A shall have effect with respect to face-value vouchers.]

Textual Amendments

F236 S. 51B inserted (with application in accordance with Sch. 1 para. 4 of the amending Act) by [Finance Act 2003 \(c. 14\), Sch. 1 para. 1](#)

52 Trading stamp schemes.

The Commissioners may by regulations modify sections 19 and 20 and Schedules 6 and 7 for the purpose of providing (in place of the provision for the time being contained in those sections and Schedules) for the manner of determining for the purposes of this Act the value of—

- (a) a supply of goods, or
(b) a transaction in pursuance of which goods are acquired from another member State,

in a case where the goods are supplied or acquired under a trading stamp scheme (within the meaning of the ^{M16}Trading Stamps Act 1964 or the ^{M17}Trading Stamps Act (Northern Ireland) 1965) or under any scheme of an equivalent description which is in operation in another member State.

Marginal Citations

M16 [1964 c. 71.](#)

M17 [1965 c. 6 \(N.I.\).](#)

53 Tour operators.

- (1) The Treasury may by order modify the application of this Act in relation to supplies of goods or services by tour operators or in relation to such of those supplies as may be determined by or under the order.
(2) Without prejudice to the generality of subsection (1) above, an order under this section may make provision—

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- (a) for two or more supplies of goods or services by a tour operator to be treated as a single supply of services;
 - (b) for the value of that supply to be ascertained, in such manner as may be determined by or under the order, by reference to the difference between sums paid or payable to and sums paid or payable by the tour operator;
 - (c) for account to be taken, in determining the VAT chargeable on that supply, of the different rates of VAT that would have been applicable apart from this section;
 - (d) excluding any body corporate from the application of section 43;
 - (e) as to the time when a supply is to be treated as taking place.
- (3) In this section “tour operator” includes a travel agent acting as principal and any other person providing for the benefit of travellers services of any kind commonly provided by tour operators or travel agents.
- (4) Section 97(3) shall not apply to an order under this section, notwithstanding that it makes provision for excluding any VAT from credit under section 25.

54 Farmers etc.

- (1) The Commissioners may, in accordance with such provision as may be contained in regulations made by them, certify for the purposes of this section any person who satisfies them—
- (a) that he is carrying on a business involving one or more designated activities;
 - (b) that he is of such a description and has complied with such requirements as may be prescribed; and
 - (c) where an earlier certification of that person has been cancelled, that more than the prescribed period has elapsed since the cancellation or that such other conditions as may be prescribed are satisfied.
- (2) Where a person is for the time being certified under this section, then (whether or not that person is a taxable person) so much of any supply by him of any goods or services as, in accordance with provision contained in regulations, is allocated to the relevant part of his business shall be disregarded for the purpose of determining whether he is, has become or has ceased to be liable or entitled to be registered under Schedule 1 [F237 or is, has become or has ceased to be liable to be registered under Schedule 1A].
- (3) The Commissioners may by regulations provide for an amount included in the consideration for any taxable supply which is made—
- (a) in the course or furtherance of the relevant part of his business by a person who is for the time being certified under this section;
 - (b) at a time when that person is not a taxable person; and
 - (c) to a taxable person,
- to be treated, for the purpose of determining the entitlement of the person supplied to credit under sections 25 and 26, as VAT on a supply to that person.
- (4) The amount which, for the purposes of any provision made under subsection (3) above, may be included in the consideration for any supply shall be an amount equal to such percentage as the Treasury may by order specify of the sum which, with the addition of that amount, is equal to the consideration for the supply.
- (5) The Commissioners’ power by regulations under section 39 to provide for the repayment to persons to whom that section applies of VAT which would be input tax of

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theirs if they were taxable persons in the United Kingdom includes power to provide for the payment to persons to whom that section applies of sums equal to the amounts which, if they were taxable persons in the United Kingdom, would be input tax of theirs by virtue of regulations under this section; and references in that section, or in any other enactment, to a repayment of VAT shall be construed accordingly.

- (6) Regulations under this section may provide—
- (a) for ^{F238}... an application for certification under this section, or for the cancellation of any such certification, [^{F239}to be made in the form and manner specified in the regulations or by the Commissioners in accordance with the regulations];
 - (b) for the cases and manner in which the Commissioners may cancel a person’s certification;
 - (c) for entitlement to a credit such as is mentioned in subsection (3) above to depend on the issue of an invoice containing such particulars as may be prescribed, or as may be notified by the Commissioners in accordance with provision contained in regulations; and
 - (d) for the imposition on certified persons of obligations with respect to the keeping, preservation and production of such records as may be prescribed and of obligations to comply with such requirements with respect to any of those matters as may be so notified;
- and regulations made by virtue of paragraph (b) above may confer on the Commissioners power, if they think fit, to refuse to cancel a person’s certification, and to refuse to give effect to any entitlement of that person to be registered, until the end of such period after the grant of certification as may be prescribed.
- (7) In this section references, in relation to any person, to the relevant part of his business are references—
- (a) where the whole of his business relates to the carrying on of one or more designated activities, to that business; and
 - (b) in any other case, to so much of his business as does so relate.
- (8) In this section “designated activities” means such activities, being activities carried on by a person who, by virtue of carrying them on, falls to be treated as a farmer for the purposes of Article 25 of the directive of the Council of the European Communities dated 17th May 1977 No.77/388/EEC (common flat-rate scheme for farmers), as the Treasury may by order designate.

Textual Amendments

F237 Words in s. 54(2) inserted (with effect in accordance with [Sch. 28 para. 19](#) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 28 para. 4](#)

F238 Words in s. 54(6)(a) omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 29 para. 7\(a\)](#)

F239 Words in s. 54(6)(a) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 29 para. 7\(b\)](#)

55 Customers to account for tax on supplies of gold etc.

- [(1) Where any person makes a supply of gold to another person and that supply is a taxable supply but not a zero rated supply, the supply shall be treated for purposes of ^{F240}Schedules 1 and 1A] —

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) as a taxable supply of that other person (as well as a taxable supply of the person who makes it); and
- (b) in so far as that other person is supplied in connection with the carrying on by him of any business, as a supply made by him in the course or furtherance of that business;

but nothing in paragraph (b) above shall require any supply to be disregarded for the purposes of [F241Schedule 1] on the grounds that it is a supply of capital assets of that other person's business.

- (2) Where a taxable person makes a supply of gold to a person who—
 - (a) is himself a taxable person at the time when the supply is made; and
 - (b) is supplied in connection with the carrying on by him of any business,
 it shall be for the person supplied, on the supplier's behalf, to account for and pay tax on the supply, and not for the supplier.
- (3) So much of this Act and of any other enactment or any subordinate legislation as has effect for the purposes of, or in connection with, the enforcement of any obligation to account for and pay VAT shall apply for the purposes of this section in relation to any person who is required under subsection (2) above to account for and pay any VAT as if that VAT were VAT on a supply made by him.
- (4) Section 6(4) to (10) shall not apply for determining when any supply of gold is to be treated as taking place.]
- (5) References in this section to a supply of gold are references to—
 - [F242(a) any supply of goods consisting in fine gold, in gold grain of any purity or in gold coins of any purity; or]. . .
 - (b) any supply of goods containing gold where the consideration for the supply (apart from any VAT) is, or is equivalent to, an amount which does not exceed, or exceeds by no more than a negligible amount, the open market value of the gold contained in the goods [F243]; or.
 - (c) any supply of services consisting in the application to another person's goods of a treatment or process which produces goods a supply of which would fall within paragraph (a) above.]
- (6) The Treasury may by order provide for this section to apply, as it applies to the supplies specified in subsection (5) above, to such other supplies of—
 - (a) goods consisting in or containing any precious or semi-precious metal or stones; or
 - (b) services relating to, or to anything containing, any precious or semi-precious metal or stones,
 as may be specified or described in the order.

Textual Amendments

F240 Words in s. 55(1) substituted (with effect in accordance with [Sch. 28 para. 19](#) of the amending Act) by [Finance Act 2012 \(c. 14\), Sch. 28 para. 5\(a\)](#)

F241 Words in s. 55(1) substituted (with effect in accordance with [Sch. 28 para. 19](#) of the amending Act) by [Finance Act 2012 \(c. 14\), Sch. 28 para. 5\(b\)](#)

F242 S. 55(5)(a) substituted (29.4.1996 with application in relation to any supply after 28.11.1995) by [1996 c. 8, s. 32\(1\)\(2\)](#)

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F243 S. 55(5)(c) inserted (29.4.1996 with application to supplies made on or after 1.1.1996) by 1996 c. 8, s. 29(3)(5)

Modifications etc. (not altering text)

C16 S. 55(1)-(4) applied (1.1.2000) by S.I. 1999/3116, art. 4

C17 S. 55(2) excluded (1.1.2000) by S.I. 1973/173, art. 7 (as added (1.1.2000) by S.I. 1999/3117, art. 8)

[^{F244}55A Customers to account for tax on supplies of goods [^{F245}or services] of a kind used in missing trader intra-community fraud

- (1) Subsection (3) applies if—
 - (a) a taxable (but not a zero-rated) supply of goods [^{F245}or services] (“the relevant supply”) is made to a person (“the recipient”),
 - (b) the relevant supply is of goods [^{F245}or services] to which this section applies (see subsection (9)),
 - (c) the relevant supply is not an excepted supply (see subsection (10)), and
 - (d) the total value of the relevant supply, and of corresponding supplies made to the recipient in the month in which the relevant supply is made, exceeds £1,000 (“the disregarded amount”).
- (2) For this purpose a “corresponding supply” means a taxable (but not a zero-rated) supply of goods [^{F245}or services] which—
 - (a) is a supply of goods [^{F245}or services] to which this section applies, and
 - (b) is not an excepted supply.
- (3) The relevant supply, and the corresponding supplies made to the recipient in the month in which the relevant supply is made, are to be treated for the purposes of [^{F246}Schedules 1 and 1A]—
 - (a) as taxable supplies of the recipient (as well as taxable supplies of the person making them), and
 - (b) in so far as the recipient is supplied in connection with the carrying on by him of any business, as supplies made by him in the course or furtherance of that business,

but the relevant supply, and those corresponding supplies, are to be so treated only in so far as their total value exceeds the disregarded amount.

- (4) Nothing in subsection (3)(b) requires any supply to be disregarded for the purposes of Schedule 1 on the grounds that it is a supply of capital assets of the recipient's business.
- (5) For the purposes of subsections (1) and (3), the value of a supply is determined on the basis that no VAT is chargeable on the supply.
- (6) If—
 - (a) a taxable person makes a supply of goods [^{F245}or services] to a person (“the recipient”) at any time,
 - (b) the supply is of goods [^{F245}or services] to which this section applies and is not an excepted supply, and
 - (c) the recipient is a taxable person at that time and is supplied in connection with the carrying on by him of any business,

it is for the recipient, on the supplier's behalf, to account for and pay tax on the supply and not for the supplier.

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (7) The relevant enforcement provisions apply for the purposes of this section, in relation to any person required under subsection (6) to account for and pay any VAT, as if that VAT were VAT on a supply made by him.
- (8) For this purpose “the relevant enforcement provisions” means so much of—
- (a) this Act and any other enactment, and
 - (b) any subordinate legislation,
- as has effect for the purposes of, or in connection with the enforcement of, any obligation to account for and pay VAT.
- (9) For the purposes of this section, goods^[F245] or services] are goods ^[F245] or services] to which this section applies if they are of a description specified in an order made by the Treasury.
- (10) For the purposes of this section, an “excepted supply” means a supply which is of a description specified in, or determined in accordance with, provision contained in an order made by the Treasury.
- (11) Any order made under subsection (10) may describe a supply of goods ^[F245] or services] by reference to—
- (a) the use which has been made of the goods ^[F245] or services], or
 - (b) other matters unrelated to the characteristics of the goods ^[F245] or services] themselves.
- (12) The Treasury may by order substitute for the sum for the time being specified in subsection (1)(d) such greater sum as they think fit.
- (13) The Treasury may by order make such amendments of any provision of this Act as they consider necessary or expedient for the purposes of this section or in connection with this section.
- An order under this subsection may confer power on the Commissioners to make regulations or exercise any other function, but no order may be made under this subsection on or after 22nd March 2009.
- (14) Any order made under this section (other than one under subsection (12)) may—
- (a) make different provision for different cases, and
 - (b) contain supplementary, incidental, consequential or transitional provisions.]

Textual Amendments

F244 S. 55A inserted (1.6.2007) by [Finance Act 2006 \(c. 25\)](#), [s. 19\(1\)\(8\)](#); S.I. 2007/1419, art. 2

F245 Words in s. 55A inserted (8.4.2010) by [Finance Act 2010 \(c. 13\)](#), [s. 50\(1\)](#)

F246 Words in s. 55A(3) substituted (with effect in accordance with [Sch. 28 para. 19](#) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 28 para. 6](#)

Modifications etc. (not altering text)

C18 S. 55A applied (1.7.2014) by [The Value Added Tax \(Section 55A\) \(Specified Goods and Excepted Supplies\) Order 2014 \(S.I. 2014/1458\)](#), arts. 1(2), [3\(1\)](#), 4 (with art. 1(2))

C19 S. 55A applied (with effect in accordance with art. 1(2) of the amending S.I.) by [The Value Added Tax \(Section 55A\) \(Specified Services and Excepted Supplies\) Order 2016 \(S.I. 2016/12\)](#), arts. 1(2), [3\(1\)](#)

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F247 56 Fuel for private use.

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Textual Amendments

F247 S. 56 omitted (with effect in accordance with Sch. 38 para. 7 of the amending Act) by virtue of Finance Act 2013 (c. 29), **Sch. 38 para. 4**

F248 57 Determination of consideration for fuel supplied for private use.

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Textual Amendments

F248 S. 57 omitted (with effect in accordance with Sch. 38 para. 7(1) of the amending Act) by virtue of Finance Act 2013 (c. 29), **Sch. 38 para. 4**

PART IV

ADMINISTRATION, COLLECTION AND ENFORCEMENT

General administrative provisions

58 General provisions relating to the administration and collection of VAT.

Schedule 11 shall have effect, subject to section 92(6), with respect to the administration, collection and enforcement of VAT.

[^{F249}Disclosure of avoidance schemes

Textual Amendments

F249 S. 58A and cross-heading inserted (22.7.2004 for specified purposes, 1.8.2004 in so far as not already in force) by Finance Act 2004 (c. 12), s. 19(2), **Sch. 2 para. 1**; S.I. 2004/1934, art. 2

58A Disclosure of avoidance schemes

Schedule 11A (which imposes disclosure requirements relating to the use of schemes for avoiding VAT) shall have effect.]

Modifications etc. (not altering text)

C20 S. 58A modified (16.11.2017 for specified purposes, 1.1.2018 in so far as not already in force) by Finance (No. 2) Act 2017 (c. 32), s. **66(2)(4)**

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

[^{F250} 58B Payment by cheque

Regulations under section 95(1) of the Finance Act 2007 (payment by cheque) may, in particular, provide for a payment which is made by cheque in contravention of regulations under section 25(1) above to be treated as made when the cheque clears, as defined in the regulations under section 95(1) of that Act.]

Textual Amendments

F250 S. 58B inserted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), s. 95(8)

Default surcharges and other penalties and criminal offences

59 The default surcharge.

(1) [^{F251}Subject to subsection (1A) below] if, by the last day on which a taxable person is required in accordance with regulations under this Act to furnish a return for a prescribed accounting period—

- (a) the Commissioners have not received that return, or
- (b) the Commissioners have received that return but have not received the amount of VAT shown on the return as payable by him in respect of that period,

then that person shall be regarded for the purposes of this section as being in default in respect of that period.

[^{F252}(1A) A person shall not be regarded for the purposes of this section as being in default in respect of any prescribed accounting period if that period is one in respect of which he is required by virtue of any order under section 28 to make any payment on account of VAT.]

(2) Subject to subsections (9) and (10) below, subsection (4) below applies in any case where—

- (a) a taxable person is in default in respect of a prescribed accounting period; and
- (b) the Commissioners serve notice on the taxable person (a “surcharge liability notice”) specifying as a surcharge period for the purposes of this section a period ending on the first anniversary of the last day of the period referred to in paragraph (a) above and beginning, subject to subsection (3) below, on the date of the notice.

(3) If a surcharge liability notice is served by reason of a default in respect of a prescribed accounting period and that period ends at or before the expiry of an existing surcharge period already notified to the taxable person concerned, the surcharge period specified in that notice shall be expressed as a continuation of the existing surcharge period and, accordingly, for the purposes of this section, that existing period and its extension shall be regarded as a single surcharge period.

(4) Subject to subsections (7) to (10) below, if a taxable person on whom a surcharge liability notice has been served—

- (a) is in default in respect of a prescribed accounting period ending within the surcharge period specified in (or extended by) that notice, and
- (b) has outstanding VAT for that prescribed accounting period,

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

he shall be liable to a surcharge equal to whichever is the greater of the following, namely, the specified percentage of his outstanding VAT for that prescribed accounting period and £30.

- (5) Subject to subsections (7) to (10) below, the specified percentage referred to in subsection (4) above shall be determined in relation to a prescribed accounting period by reference to the number of such periods in respect of which the taxable person is in default during the surcharge period and for which he has outstanding VAT, so that—
- (a) in relation to the first such prescribed accounting period, the specified percentage is 2 per cent;
 - (b) in relation to the second such period, the specified percentage is 5 per cent;
 - (c) in relation to the third such period, the specified percentage is 10 per cent; and
 - (d) in relation to each such period after the third, the specified percentage is 15 per cent.

- (6) For the purposes of subsections (4) and (5) above a person has outstanding VAT for a prescribed accounting period if some or all of the VAT for which he is liable in respect of that period has not been paid by the last day on which he is required (as mentioned in subsection (1) above) to make a return for that period; and the reference in subsection (4) above to a person's outstanding VAT for a prescribed accounting period is to so much of the VAT for which he is so liable as has not been paid by that day.

- (7) If a person who, apart from this subsection, would be liable to a surcharge under subsection (4) above satisfies the Commissioners or, on appeal, a tribunal that, in the case of a default which is material to the surcharge—
- (a) the return or, as the case may be, the VAT shown on the return was despatched at such a time and in such a manner that it was reasonable to expect that it would be received by the Commissioners within the appropriate time limit, or
 - (b) there is a reasonable excuse for the return or VAT not having been so despatched,

he shall not be liable to the surcharge and for the purposes of the preceding provisions of this section he shall be treated as not having been in default in respect of the prescribed accounting period in question (and, accordingly, any surcharge liability notice the service of which depended upon that default shall be deemed not to have been served).

- (8) For the purposes of subsection (7) above, a default is material to a surcharge if—
- (a) it is the default which, by virtue of subsection (4) above, gives rise to the surcharge; or
 - (b) it is a default which was taken into account in the service of the surcharge liability notice upon which the surcharge depends and the person concerned has not previously been liable to a surcharge in respect of a prescribed accounting period ending within the surcharge period specified in or extended by that notice.

- (9) In any case where—
- (a) the conduct by virtue of which a person is in default in respect of a prescribed accounting period is also conduct falling within section 69(1), and
 - (b) by reason of that conduct, the person concerned is assessed to a penalty under that section,

the default shall be left out of account for the purposes of subsections (2) to (5) above.

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(10) If the Commissioners, after consultation with the Treasury, so direct, a default in respect of a prescribed accounting period specified in the direction shall be left out of account for the purposes of subsections (2) to (5) above.

[^{F253}(11) For the purposes of this section references to a thing's being done by any day include references to its being done on that day.]

Textual Amendments

F251 Words in s. 59(1) inserted (29.4.1996 with effect as mentioned in s. 35(8) of the amending Act) by 1996 c. 8, s. 35(3)

F252 S. 59(1A) inserted (29.4.1996 with effect as mentioned in s. 35(8) of the amending Act) by 1996 c. 8, s. 35(3)

F253 S. 59(11) inserted (29.4.1996 with effect as mentioned in s. 35(8) of the amending Act) by 1996 c. 8, s. 35(4)

Modifications etc. (not altering text)

C21 S. 59 modified by S.I. 1995/2518, reg. 40(5) (as inserted (22.7.2004) by [The Value Added Tax \(Amendment\) \(No. 3\) Regulations 2004](#) (S.I. 2004/1675), regs. 1(1), 5)

[^{F254}59A Default surcharge: payments on account.

(1) For the purposes of this section a taxable person shall be regarded as in default in respect of any prescribed accounting period if the period is one in respect of which he is required, by virtue of an order under section 28, to make any payment on account of VAT and either—

- (a) a payment which he is so required to make in respect of that period has not been received in full by the Commissioners by the day on which it became due; or
- (b) he would, but for section 59(1A), be in default in respect of that period for the purposes of section 59.

(2) Subject to subsections (10) and (11) below, subsection (4) below applies in any case where—

- (a) a taxable person is in default in respect of a prescribed accounting period; and
- (b) the Commissioners serve notice on the taxable person (a “surcharge liability notice”) specifying as a surcharge period for the purposes of this section a period which—
 - (i) begins, subject to subsection (3) below, on the date of the notice; and
 - (ii) ends on the first anniversary of the last day of the period referred to in paragraph (a) above.

(3) If—

- (a) a surcharge liability notice is served by reason of a default in respect of a prescribed accounting period, and
- (b) that period ends at or before the expiry of an existing surcharge period already notified to the taxable person concerned,

the surcharge period specified in that notice shall be expressed as a continuation of the existing surcharge period; and, accordingly, the existing period and its extension shall be regarded as a single surcharge period.

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (4) Subject to subsections (7) to (11) below, if—
- (a) a taxable person on whom a surcharge liability notice has been served is in default in respect of a prescribed accounting period,
 - (b) that prescribed accounting period is one ending within the surcharge period specified in (or extended by) that notice, and
 - (c) the aggregate value of his defaults in respect of that prescribed accounting period is more than nil,
- that person shall be liable to a surcharge equal to whichever is the greater of £30 and the specified percentage of the aggregate value of his defaults in respect of that prescribed accounting period.
- (5) Subject to subsections (7) to (11) below, the specified percentage referred to in subsection (4) above shall be determined in relation to a prescribed accounting period by reference to the number of such periods during the surcharge period which are periods in respect of which the taxable person is in default and in respect of which the value of his defaults is more than nil, so that—
- (a) in relation to the first such prescribed accounting period, the specified percentage is 2 per cent.;
 - (b) in relation to the second such period, the specified percentage is 5 per cent.;
 - (c) in relation to the third such period, the specified percentage is 10 per cent.; and
 - (d) in relation to each such period after the third, the specified percentage is 15 per cent.
- (6) For the purposes of this section the aggregate value of a person's defaults in respect of a prescribed accounting period shall be calculated as follows—
- (a) where the whole or any part of a payment in respect of that period on account of VAT was not received by the Commissioners by the day on which it became due, an amount equal to that payment or, as the case may be, to that part of it shall be taken to be the value of the default relating to that payment;
 - (b) if there is more than one default with a value given by paragraph (a) above, those values shall be aggregated;
 - (c) the total given by paragraph (b) above, or (where there is only one default) the value of the default under paragraph (a) above, shall be taken to be the value for that period of that person's defaults on payments on account;
 - (d) the value of any default by that person which is a default falling within subsection (1)(b) above shall be taken to be equal to the amount of any outstanding VAT less the amount of unpaid payments on account; and
 - (e) the aggregate value of a person's defaults in respect of that period shall be taken to be the aggregate of—
 - (i) the value for that period of that person's defaults (if any) on payments on account; and
 - (ii) the value of any default of his in respect of that period that falls within subsection (1)(b) above.
- (7) In the application of subsection (6) above for the calculation of the aggregate value of a person's defaults in respect of a prescribed accounting period—
- (a) the amount of outstanding VAT referred to in paragraph (d) of that subsection is the amount (if any) which would be the amount of that person's outstanding VAT for that period for the purposes of section 59(4); and

Status: Point in time view as at 28/01/2019.

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- (b) the amount of unpaid payments on account referred to in that paragraph is the amount (if any) equal to so much of any payments on account of VAT (being payments in respect of that period) as has not been received by the Commissioners by the last day on which that person is required (as mentioned in section 59(1)) to make a return for that period.
- (8) If a person who, apart from this subsection, would be liable to a surcharge under subsection (4) above satisfies the Commissioners or, on appeal, a tribunal—
- (a) in the case of a default that is material for the purposes of the surcharge and falls within subsection (1)(a) above—
- (i) that the payment on account of VAT was despatched at such a time and in such a manner that it was reasonable to expect that it would be received by the Commissioners by the day on which it became due, or
- (ii) that there is a reasonable excuse for the payment not having been so despatched,
- or
- (b) in the case of a default that is material for the purposes of the surcharge and falls within subsection (1)(b) above, that the condition specified in section 59(7)(a) or (b) is satisfied as respects the default,
- he shall not be liable to the surcharge and for the purposes of the preceding provisions of this section he shall be treated as not having been in default in respect of the prescribed accounting period in question (and, accordingly, any surcharge liability notice the service of which depended upon that default shall be deemed not to have been served).
- (9) For the purposes of subsection (8) above, a default is material to a surcharge if—
- (a) it is the default which, by virtue of subsection (4) above, gives rise to the surcharge; or
- (b) it is a default which was taken into account in the service of the surcharge liability notice upon which the surcharge depends and the person concerned has not previously been liable to a surcharge in respect of a prescribed accounting period ending within the surcharge period specified in or extended by that notice.
- (10) In any case where—
- (a) the conduct by virtue of which a person is in default in respect of a prescribed accounting period is also conduct falling within section 69(1), and
- (b) by reason of that conduct, the person concerned is assessed to a penalty under section 69,
- the default shall be left out of account for the purposes of subsections (2) to (5) above.
- (11) If the Commissioners, after consultation with the Treasury, so direct, a default in respect of a prescribed accounting period specified in the direction shall be left out of account for the purposes of subsections (2) to (5) above.
- (12) For the purposes of this section the Commissioners shall be taken not to receive a payment by the day on which it becomes due unless it is made in such a manner as secures (in a case where the payment is made otherwise than in cash) that, by the last day for the payment of that amount, all the transactions can be completed that need to be completed before the whole amount of the payment becomes available to the Commissioners.

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (13) In determining for the purposes of this section whether any person would, but for section 59(1A), be in default in respect of any period for the purposes of section 59, subsection (12) above shall be deemed to apply for the purposes of section 59 as it applies for the purposes of this section.
- (14) For the purposes of this section references to a thing's being done by any day include references to its being done on that day.]

Textual Amendments

F254 S. 59A inserted (29.4.1996 with application as mentioned in s. 35(8) of the amending Act) by 1996 c. 8, s. 35(2)

[^{F255}59B Relationship between sections 59 and 59A.

- (1) This section applies in each of the following cases, namely—
- (a) where a section 28 accounting period ends within a surcharge period begun or extended by the service on a taxable person (whether before or after the coming into force of section 59A) of a surcharge liability notice under section 59; and
 - (b) where a prescribed accounting period which is not a section 28 accounting period ends within a surcharge period begun or extended by the service on a taxable person of a surcharge liability notice under section 59A.
- (2) In a case falling within subsection (1)(a) above section 59A shall have effect as if—
- (a) subject to paragraph (b) below, the section 28 accounting period were deemed to be a period ending within a surcharge period begun or, as the case may be, extended by a notice served under section 59A; but
 - (b) any question—
 - (i) whether a surcharge period was begun or extended by the notice, or
 - (ii) whether the taxable person was in default in respect of any prescribed accounting period which was not a section 28 accounting period but ended within the surcharge period begun or extended by that notice,were to be determined as it would be determined for the purposes of section 59.
- (3) In a case falling within subsection (1)(b) above section 59 shall have effect as if—
- (a) subject to paragraph (b) below, the prescribed accounting period that is not a section 28 accounting period were deemed to be a period ending within a surcharge period begun or, as the case may be, extended by a notice served under section 59;
 - (b) any question—
 - (i) whether a surcharge period was begun or extended by the notice, or
 - (ii) whether the taxable person was in default in respect of any prescribed accounting period which was a section 28 accounting period but ended within the surcharge period begun or extended by that notice,were to be determined as it would be determined for the purposes of section 59A; and
 - (c) that person were to be treated as having had outstanding VAT for a section 28 accounting period in any case where the aggregate value of his defaults in respect of that period was, for the purposes of section 59A, more than nil.

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (4) In this section “ a section 28 accounting period ”, in relation to a taxable person, means any prescribed accounting period ending on or after the day on which the Finance Act 1996 was passed in respect of which that person is liable by virtue of an order under section 28 to make any payment on account of VAT.]

Textual Amendments

F255 S. 59B inserted (29.4.1996 with effect as mentioned in [s. 35\(8\)](#) of the amending Act) by [1996 c. 8, s. 35\(5\)](#)

F256 60 VAT evasion: conduct involving dishonesty.

Textual Amendments

F256 S. 60 repealed (1.4.2008 for specified purposes, 1.7.2008 for specified purposes, 1.1.2009 for specified purposes, 1.4.2009 in so far as not already in force) by [Finance Act 2007 \(c. 11\), s. 97\(2\), Sch. 24 para. 29\(d\), Sch. 27 Pt. 5\(5\)](#) (with transitional provisions in [S.I. 2009/511](#), art. 4(a)(i) and [S.I. 2009/571](#), art. 7); [S.I. 2008/568](#), art. 2(a)(b)(c)(d)(e)(f) (with arts. 3, 4)

F257 61 VAT evasion: liability of directors etc.

Textual Amendments

F257 S. 61 repealed (1.4.2008 for specified purposes, 1.7.2008 for specified purposes, 1.1.2009 for specified purposes, 1.4.2009 in so far as not already in force) by [Finance Act 2007 \(c. 11\), s. 97\(2\), Sch. 24 para. 29\(d\), Sch. 27 Pt. 5\(5\)](#) (with transitional provisions in [S.I. 2009/511](#), art. 4(a)(i) and [S.I. 2009/571](#), art. 7); [S.I. 2008/568](#), art. 2(a)(b)(c)(d)(e)(f) (with arts. 3, 4)

62 Incorrect certificates as to zero-rating etc.

[^{F258}(1) Subject to subsections (3) and (4) below, where—

- (a) a person to whom one or more supplies are, or are to be, made—
 - (i) gives to the supplier a certificate that the supply or supplies fall, or will fall, wholly or partly within [^{F259}any of the Groups of Schedule 7A,] Group 5 or 6 of Schedule 8 or Group 1 of Schedule 9, or
 - (ii) gives to the supplier a certificate for the purposes of section 18B(2)(d) or 18C(1)(c),
 - and
 - (b) the certificate is incorrect,
- the person giving the certificate shall be liable to a penalty.

(1A) Subject to subsections (3) and (4) below, where—

- (a) a person who makes, or is to make, an acquisition of goods from another member State prepares a certificate for the purposes of section 18B(1)(d), and

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(b) the certificate is incorrect,
the person preparing the certificate shall be liable to a penalty.

[Where—

^{F260}(1B) (a) a person gives a certificate for the purposes of Note (5R) to Group 12 of Schedule 8 with respect to a supply of a motor vehicle, and
(b) the certificate is incorrect,
the person giving the certificate is to be liable to a penalty.

(2) The amount of the penalty shall be equal to—

(a) in a case where the penalty is imposed by virtue of subsection (1) above, the difference between—
(i) the amount of the VAT which would have been chargeable on the supply or supplies if the certificate had been correct; and
(ii) the amount of VAT actually chargeable;
(b) in a case where it is imposed by virtue of subsection (1A) above, the amount of VAT actually chargeable on the acquisition.

[in a case where it is imposed by virtue of subsection (1B), the difference
^{F261}(c) between—
(i) the amount of the VAT which would have been chargeable on the supply if the certificate had been correct, and
(ii) the amount of VAT actually chargeable.]]

(3) The giving [^{F262}or preparing] of a certificate shall not give rise to a penalty under this section if the person who gave [^{F263}or prepared] it satisfies the Commissioners or, on appeal, a tribunal that there is a reasonable excuse for his having given [^{F263}or prepared] it.

(4) Where by reason of giving [^{F262}or preparing] a certificate a person is convicted of an offence (whether under this Act or otherwise), the giving of the certificate shall not also give rise to a penalty under this section.]

Textual Amendments

F258 S. 62(1)(1A)(2) substituted (27.7.1999 with effect as mentioned in s. 17(2) of the amending Act) for s. 62(1)(2) by 1999 c. 16, s. 17(1)

F259 Words in s. 62(1)(a)(i) substituted (11.5.2001 with effect as mentioned in s. 99(9)(b) of the amending Act) by 2001 c. 9, s. 99, Sch. 31 para. 3

F260 S. 62(1B) inserted (with effect in accordance with Sch. 7 para. 9 of the amending Act) by Finance Act 2017 (c. 10), Sch. 7 para. 3(2)

F261 S. 62(2)(c) inserted (with effect in accordance with Sch. 7 para. 9 of the amending Act) by Finance Act 2017 (c. 10), Sch. 7 para. 3(3)

F262 Words in s. 62(1)(3)(4) inserted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by 1996 c. 8, ss. 25, 26, Sch. 3 para. 8(3); S.I. 1996/1249, art. 2

F263 Words in s. 62(3) inserted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by 1996 c. 8, ss. 25, 26, Sch. 3 para. 8(4); S.I. 1996/1249, art. 2

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F264 63 Penalty for misdeclaration or neglect resulting in VAT loss for one accounting period equalling or exceeding certain amounts.

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Textual Amendments

F264 S. 63 repealed (1.4.2008 for specified purposes, 1.7.2008 for specified purposes, 1.1.2009 for specified purposes, 1.4.2009 in so far as not already in force) by [Finance Act 2007 \(c. 11\), s. 97\(2\), Sch. 24 para. 29\(d\), Sch. 27 Pt. 5\(5\)](#) (with transitional provisions in [S.I. 2009/511](#), art. 4(a)(i) and [S.I. 2009/571](#), art. 7); [S.I. 2008/568](#), art. 2(a)(b)(c)(d)(e)(f) (with arts. 3, 4)

F265 64 Repeated misdeclarations.

.....

Textual Amendments

F265 S. 64 repealed (1.4.2008 for specified purposes, 1.7.2008 for specified purposes, 1.1.2009 for specified purposes, 1.4.2009 in so far as not already in force) by [Finance Act 2007 \(c. 11\), s. 97\(2\), Sch. 24 para. 29\(d\), Sch. 27 Pt. 5\(5\)](#) (with transitional provisions in [S.I. 2009/511](#), art. 4(a)(i) and [S.I. 2009/571](#), art. 7); [S.I. 2008/568](#), art. 2(a)(b)(c)(d)(e)(f) (with arts. 3, 4)

65 [F266 Inaccuracies in EC sales statements or in statements relating to section 55A.]

(1) Where—

- (a) an EC sales statement containing a material inaccuracy has been submitted by any person to the Commissioners;
- (b) the Commissioners have, within 6 months of discovering the inaccuracy, issued that person with a written warning identifying that statement and stating that future inaccuracies might result in the service of a notice for the purposes of this section;
- (c) another EC sales statement containing a material inaccuracy (“the second inaccurate statement”) has been submitted by that person to the Commissioners;
- (d) the submission date for the second inaccurate statement fell within the period of 2 years beginning with the day after the warning was issued;
- (e) the Commissioners have, within 6 months of discovering the inaccuracy in the second inaccurate statement, served that person with a notice identifying that statement and stating that future inaccuracies will attract a penalty under this section;
- (f) yet another EC sales statement containing a material inaccuracy is submitted by that person to the Commissioners; and
- (g) the submission date for the statement falling within paragraph (f) above is not more than 2 years after the service of the notice or the date on which any previous statement attracting a penalty was submitted by that person to the Commissioners,

that person shall be liable to a penalty of £100 in respect of the statement so falling.

Status: Point in time view as at 28/01/2019.

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- (2) Subject to subsections (3) and (4) below, an EC sales statement shall be regarded for the purposes of this section as containing a material inaccuracy if, having regard to the matters required to be included in the statement, the inclusion or omission of any information from the statement is misleading in any material respect.
- (3) An inaccuracy contained in an EC sales statement shall not be regarded as material for the purposes of this section if—
 - (a) the person who submitted the statement satisfies the Commissioners or, on appeal, a tribunal that there is a reasonable excuse for the inaccuracy; or
 - (b) at a time when he had no reason to believe that enquiries were being made by the Commissioners into his affairs, that person furnished the Commissioners with full information with respect to the inaccuracy.
- (4) Where, by reason of the submission of a statement containing a material inaccuracy by any person, that person is convicted of an offence (whether under this Act or otherwise), the inaccuracy to which the conviction relates shall be regarded for the purposes of this section as not being material.
- (5) Where the only statement identified in a warning or notice served for the purposes of subsection (1)(b) or (e) above is one which (whether by virtue of either or both of subsections (3) and (4) above or otherwise) is regarded as containing no material inaccuracies, that warning or notice shall be deemed not to have been issued or served for those purposes.
- (6) In this section—

“EC sales statement” means any statement which is required to be submitted to the Commissioners in accordance with regulations under paragraph 2(3) of Schedule 11; and

“submission date”, in relation to such a statement, means whichever is the earlier of the last day for the submission of the statement to the Commissioners in accordance with those regulations and the day on which it was in fact submitted to the Commissioners.

[^{F267}(7) This section applies in relation to a statement which is required to be submitted to the Commissioners in accordance with regulations under paragraph 2(3A) of Schedule 11 as it applies in relation to an EC sales statement.]

Textual Amendments

F266 S. 65 heading substituted (1.6.2007) by [Finance Act 2006 \(c. 25\), s. 19\(3\)\(b\)\(8\)](#); S.I. 2007/1419, art. 2

F267 S. 65(7) inserted (1.6.2007) by [Finance Act 2006 \(c. 25\), s. 19\(3\)\(a\)\(8\)](#); S.I. 2007/1419, art. 2

66 [^{F268}Failure to submit EC sales statement or statement relating to section 55A.]

- (1) If, by the last day on which a person is required in accordance with regulations under this Act to submit an EC sales statement for any prescribed period to the Commissioners, the Commissioners have not received that statement, that person shall be regarded for the purposes of this section as being in default in relation to that statement until it is submitted.
- (2) Where any person is in default in respect of any EC sales statement the Commissioners may serve notice on him stating—

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- (a) that he is in default in relation to the statement specified in the notice;
 - (b) that (subject to the liability mentioned in paragraph (d) below) no action will be taken if he remedies the default before the end of the period of 14 days beginning with the day after the service of the notice;
 - (c) that if the default is not so remedied, that person will become liable in respect of his default to penalties calculated on a daily basis from the end of that period in accordance with the following provisions of this section; and
 - (d) that that person will become liable, without any further notices being served under this section, to penalties under this section if he commits any more defaults before a period of 12 months has elapsed without his being in default.
- (3) Where a person has been served with a notice under subsection (2) above, he shall become liable under this section—
- (a) if the statement to which the notice relates is not submitted before the end of the period of 14 days beginning with the day after the service of the notice, to a penalty in respect of that statement; and
 - (b) whether or not that statement is so submitted, to a penalty in respect of any EC sales statement the last day for the submission of which is after the service and before the expiry of the notice and in relation to which he is in default.
- (4) For the purposes of this section a notice served on any person under subsection (2) above shall continue in force—
- (a) except in a case falling within paragraph (b) below, until the end of the period of 12 months beginning with the day after the service of the notice; and
 - (b) where at any time in that period of 12 months that person is in default in relation to any EC sales statement other than one in relation to which he was in default when the notice was served, until a period of 12 months has elapsed without that person becoming liable to a penalty under this section in respect of any EC sales statement.
- (5) The amount of any penalty to which a person who has been served with a notice under subsection (2) above is liable under this section shall be whichever is the greater of £50 and—
- (a) in the case of a liability in respect of the statement to which the notice relates, a penalty of £5 for every day for which the default continues after the end of the period of 14 days mentioned in subsection (3)(a) above, up to a maximum of 100 days; and
 - (b) in the case of a liability in respect of any other statement, a penalty of the relevant amount for every day for which the default continues, up to a maximum of 100 days.
- (6) In subsection (5)(b) above “the relevant amount”, in relation to a person served with a notice under subsection (2) above, means—
- (a) £5, where (that person not having been liable to a penalty under this section in respect of the statement to which the notice relates) the statement in question is the first statement in respect of which that person has become liable to a penalty while the notice has been in force;
 - (b) £10 where the statement in question is the second statement in respect of which he has become so liable while the notice has been in force (counting the statement to which the notice relates where he has become liable in respect of that statement); and
 - (c) £15 in any other case.

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- (7) If a person who, apart from this subsection, would be liable to a penalty under this section satisfies the Commissioners or, on appeal a tribunal, that—
- (a) an EC sales statement has been submitted at such a time and in such a manner that it was reasonable to expect that it would be received by the Commissioners within the appropriate time limit; or
 - (b) there is a reasonable excuse for such a statement not having been dispatched,
- he shall be treated for the purposes of this section and sections 59 to 65 and 67 to 71, 73, 75 and 76 [^{F269}and Schedule 24 to the Finance Act 2007] as not having been in default in relation to that statement and, accordingly, he shall not be liable to any penalty under this section [^{F270}or that Schedule] in respect of that statement and any notice served under subsection (2) above exclusively in relation to the failure to submit that statement shall have no effect for the purposes of this section.
- (8) If it appears to the Treasury that there has been a change in the value of money since 1st January 1993 or, as the case may be, the last occasion when the sums specified in subsections (5) and (6) above were varied, they may by order substitute for the sums for the time being specified in those subsections such other sums as appear to them to be justified by the change; but an order under this section shall not apply to any default in relation to a statement the last day for the submission of which was before the order comes into force.
- (9) In this section “EC sales statement” means any statement which is required to be submitted to the Commissioners in accordance with regulations under paragraph 2(3) of Schedule 11.
- [^{F271}(10) This section applies in relation to a statement which is required to be submitted to the Commissioners in accordance with regulations under paragraph 2(3A) of Schedule 11 as it applies in relation to an EC sales statement.]

Textual Amendments

- F268** S. 66 heading substituted (1.6.2007) by [Finance Act 2006 \(c. 25\), s. 19\(4\)\(b\)\(8\)](#); S.I. 2007/1419, art. 2
- F269** Words in s. 66(7) inserted (1.4.2009) by [The Finance Act 2008, Schedule 40 \(Appointed Day, Transitional Provisions and Consequential Amendments\) Order 2009 \(S.I. 2009/571\)](#), art. 1(1), [Sch. 1 para. 13\(a\)](#)
- F270** Words in s. 66(7) inserted (1.4.2009) by [The Finance Act 2008, Schedule 40 \(Appointed Day, Transitional Provisions and Consequential Amendments\) Order 2009 \(S.I. 2009/571\)](#), art. 1(1), [Sch. 1 para. 13\(b\)](#)
- F271** S. 66(10) inserted (1.6.2007) by [Finance Act 2006 \(c. 25\), s. 19\(4\)\(a\)\(8\)](#); S.I. 2007/1419, art. 2

^{F272}67 Failure to notify and unauthorised issue of invoices.

Textual Amendments

- F272** S. 67 omitted (with effect in accordance with art. 3 of the commencing S.I.) by virtue of [Finance Act 2008 \(c. 9\), s. 123\(2\), Sch. 41 para. 25\(f\)](#) (with transitional provisions in [S.I. 2009/511](#), art. 4(a)(ii)); [S.I. 2009/511](#), art. 2 (with art. 4)

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^{F273} 67A Breach of controlled goods agreement

Textual Amendments

F273 S. 67A omitted (6.4.2014) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 129(4), [Sch. 43 para. 4](#); S.I. 2014/906, art. 2

68 Breaches of walking possession agreements.

- (1) This section applies where—
- (a) in accordance with regulations under [^{F274}section 51 of the Finance Act 1997 (enforcement by distress)], a distress is authorised to be levied on the goods and chattels of a person (a “person in default”) who has refused or neglected to pay any VAT due or any amount recoverable as if it were VAT due, and
 - (b) the person levying the distress and the person in default have entered into a walking possession agreement, as defined in subsection (2) below.
- (2) In this section a “walking possession agreement” means an agreement under which, in consideration of the property distrained upon being allowed to remain in the custody of the person in default and of the delaying of its sale, the person in default—
- (a) acknowledges that the property specified in the agreement is under distraint and held in walking possession; and
 - (b) undertakes that, except with the consent of the Commissioners and subject to such conditions as they may impose, he will not remove or allow the removal of any of the specified property from the premises named in the agreement.
- (3) Subject to subsection (4) below, if the person in default is in breach of the undertaking contained in a walking possession agreement, he shall be liable to a penalty equal to half of the VAT or other amount referred to in subsection (1)(a) above.
- (4) The person in default shall not be liable to a penalty under subsection (3) above if he satisfies the Commissioners or, on appeal, a tribunal that there is a reasonable excuse for the breach in question.

[^{F275}(5) This section extends only to Northern Ireland.]

Textual Amendments

F274 Words in s. 68(1)(a) substituted (1.7.1997) by [1997 c. 16](#), s. 53(7)(9); S.I. 1997/1432, art. 2

F275 S. 68(5) substituted (6.4.2014) by [Tribunals, Courts and Enforcement Act 2007 \(c. 15\)](#), s. 148, [Sch. 13 para. 120](#) (with s. 89); S.I. 2014/768, art. 2(1)(b)

69 Breaches of regulatory provisions.

- (1) If any person fails to comply with a regulatory requirement, that is to say, a requirement imposed under—
- (a) paragraph 11 or 12 of Schedule 1, [^{F276}paragraph 7 of Schedule 1A,] paragraph 5 of Schedule 2 [^{F277}, paragraph 5 of Schedule 3 or paragraph 5 of Schedule 3A]; or

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- (b) any regulations made under section 48 requiring a VAT representative, for the purposes of registration, to notify the Commissioners that his appointment has taken effect or has ceased to have effect; or
 - [^{F278}(ba) paragraph 2(3B) of Schedule 11; or]
 - (c) paragraph 6(1) or 7 of Schedule 11; or
 - (d) any regulations or rules made under this Act, other than rules made under paragraph 9 of Schedule 12; or
 - (e) any order made by the Treasury under this Act; or
 - (f) any regulations made under the ^{M18}European Communities Act 1972 and relating to VAT, [^{F279}; or
 - (g) section 18A in the form of a condition imposed by the Commissioners under subsection (1) or (6) of that section, [^{F280}or—
 - (h) section 77E (display of VAT registration numbers on online marketplaces),]
- he shall be liable, subject to subsections (8) and (9) below and section 76(6), to a penalty equal to the prescribed rate multiplied by the number of days on which the failure continues (up to a maximum of 100) or, if it is greater, to a penalty of £50.
- (2) If any person fails to comply with a requirement to preserve records imposed under paragraph 6(3) of Schedule 11, he shall be liable, subject to the following provisions of this section, to a penalty of £500.
 - (3) Subject to subsection (4) below, in relation to a failure to comply with any regulatory requirement, the prescribed rate shall be determined by reference to the number of occasions in the period of 2 years preceding the beginning of the failure in question on which the person concerned has previously failed to comply with that requirement and, subject to the following provisions of this section, the prescribed rate shall be—
 - (a) if there has been no such previous occasion in that period, £5;
 - (b) if there has been only one such occasion in that period, £10; and
 - (c) in any other case, £15.
 - (4) For the purposes of subsection (3) above—
 - (a) a failure to comply with any regulatory requirement shall be disregarded if, as a result of the failure, the person concerned became liable for a surcharge under section 59 [^{F281}or 59A];
 - (b) a continuing failure to comply with any such requirement shall be regarded as one occasion of failure occurring on the date on which the failure began;
 - (c) if the same omission gives rise to a failure to comply with more than one such requirement, it shall nevertheless be regarded as the occasion of only one failure; and
 - (d) in relation to a failure to comply with a requirement imposed by regulations as to the furnishing of a return or as to the payment of VAT, a previous failure to comply with such a requirement as to either of those matters shall be regarded as a previous failure to comply with the requirement in question.
 - (5) Where the failure referred to in subsection (1) above consists—
 - (a) in not paying the VAT due in respect of any period within the time required by regulations under section 25(1), or
 - (b) in not furnishing a return in respect of any period within the time required by regulations under paragraph 2(1) of Schedule 11,the prescribed rate shall be whichever is the greater of that which is appropriate under subsection (3)(a) to (c) above and an amount equal to one-sixth, one-third or one-half

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- of 1 per cent. of the VAT due in respect of that period, the appropriate fraction being determined according to whether subsection (3)(a), (b) or (c) above is applicable.
- (6) For the purposes of subsection (5) above, the VAT due—
- (a) if the person concerned has furnished a return, shall be taken to be the VAT shown in the return as that for which he is accountable in respect of the period in question, and
 - (b) in any other case, shall be taken to be such VAT as has been assessed for that period and notified to him under section 73(1).
- (7) If it appears to the Treasury that there has been a change in the value of money since 25th July 1985 or, as the case may be, the last occasion when the power conferred by this subsection was exercised, they may by order substitute for the sums for the time being specified in subsections (2) and (3)(a) to (c) above such other sums as appear to them to be justified by the change; but an order under this subsection shall not apply to a failure which began before the date on which the order comes into force.
- (8) A failure by any person to comply with any regulatory requirement or the requirement referred to in subsection (2) above shall not give rise to liability to a penalty under this section if the person concerned satisfies the Commissioners or, on appeal, a tribunal that there is a reasonable excuse for the failure; and a failure in respect of which the Commissioners or tribunal have been so satisfied shall be disregarded for the purposes of subsection (3) above.
- (9) Where, by reason of conduct falling within subsection (1) or (2) above—
- (a) a person is convicted of an offence (whether under this Act or otherwise), or
 - (b) a person is assessed to a surcharge under section 59 [^{F282}or 59A], or
 - (c) a person is assessed to a penalty under section 60 or 63 [^{F283}or a penalty under Schedule 24 to the Finance Act 2007],
- that conduct shall not also give rise to liability to a penalty under this section.
- (10) This section applies in relation to failures occurring before as well as after the commencement of this Act, and for that purpose any reference to any provision of this Act includes a reference to the corresponding provision of the enactments repealed by this Act.

Textual Amendments

- F276** Words in s. 69(1)(a) inserted (with effect in accordance with [Sch. 28 para. 19](#) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 28 para. 7](#)
- F277** Words in s. 69(1)(a) substituted (28.7.2000 with effect as mentioned in [s. 136\(10\)](#) of the amending Act) by [2000 c. 17](#), [s. 136\(3\)](#)
- F278** S. 69(1)(ba) inserted (1.6.2007) by [Finance Act 2006 \(c. 25\)](#), [s. 19\(5\)\(8\)](#); [S.I. 2007/1419](#), [art. 2](#)
- F279** S. 69(1)(g) and word preceding it inserted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by [1996 c. 8](#), [ss. 25, 26](#), [Sch. 3 para. 9](#); [S.I. 1996/1249](#), [art. 2](#)
- F280** S. 69(1)(h) and word inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [s. 38\(2\)](#)
- F281** Words in s. 69(4)(a) inserted (29.4.1996 with effect as mentioned in [s. 35\(8\)](#) of the amending Act) by [1996 c. 8](#), [s. 35\(6\)\(8\)](#)
- F282** Words in s. 69(9)(b) inserted (29.4.1996 with effect as mentioned in [s. 35\(8\)](#) of the amending Act) by [1996 c. 8](#), [s. 35\(6\)\(8\)](#)

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F283 Words in s. 69(9)(c) inserted (1.4.2009) by The Finance Act 2008, Schedule 40 (Appointed Day, Transitional Provisions and Consequential Amendments) Order 2009 (S.I. 2009/571), art. 1(1), Sch. 1 para. 14

Marginal Citations

M18 1972 c. 68.

[^{F284}**69A Breach of record-keeping requirements etc. in relation to transactions in gold.**

(1) This section applies where a person fails to comply with a requirement of regulations under section 13(5)(a) or (b) of the ^{M19}Finance Act 1999 (gold: duties to keep records or provide information).

Where this section applies, the provisions of section 69 do not apply.

(2) A person who fails to comply with any such requirement is liable to a penalty not exceeding 17.5% of the value of the transactions to which the failure relates.

(3) For the purposes of assessing the amount of any such penalty, the value of the transactions to which the failure relates shall be determined by the Commissioners to the best of their judgement and notified by them to the person liable.

(4) No assessment of a penalty under this section shall be made more than 2 years after evidence of facts sufficient in the opinion of the Commissioners to justify the making of the assessment comes to their knowledge.

(5) The reference in subsection (4) above to facts sufficient to justify the making of the assessment is to facts sufficient—

- (a) to indicate that there had been a failure to comply with any such requirement as is referred to in subsection (1) above, and
- (b) to determine the value of the transactions to which the failure relates.

(6) A failure by any person to comply with any such requirement as is mentioned in subsection (1) above shall not give rise to a liability to a penalty under this section if the person concerned satisfies the Commissioners or, on appeal, a tribunal, that there is a reasonable excuse for the failure.

(7) Where by reason of conduct falling within subsection (1) above a person—

- (a) is assessed to a penalty under section 60 [^{F285}or a penalty for a deliberate inaccuracy under Schedule 24 to the Finance Act 2007], or
- (b) is convicted of an offence (whether under this Act or otherwise),

that conduct shall not also give rise to a penalty under this section.]

Textual Amendments

F284 S. 69A inserted (28.7.2000) by 2000 c. 17, s. 137(2)

F285 Words in s. 69A(7)(a) inserted (1.4.2009) by The Finance Act 2008, Schedule 40 (Appointed Day, Transitional Provisions and Consequential Amendments) Order 2009 (S.I. 2009/571), art. 1(1), Sch. 1 para. 15

Marginal Citations

M19 1999 c. 16.

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Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

[^{F286} 69B Breach of record-keeping requirements imposed by directions

- (1) If any person fails to comply with a requirement imposed under paragraph 6A(1) of Schedule 11, the person is liable to a penalty.
- (2) The amount of the penalty is equal to £200 multiplied by the number of days on which the failure continues (up to a maximum of 30 days).
- (3) If any person fails to comply with a requirement to preserve records imposed under paragraph 6A(6) of Schedule 11, the person is liable to a penalty of £500.
- (4) If it appears to the Treasury that there has been a change in the value of money since—
 - (a) the day on which the Finance Act 2006 is passed, or
 - (b) (if later) the last occasion when the power conferred by this subsection was exercised,
 they may by order substitute for the sums for the time being specified in subsections (2) and (3) such other sums as appear to them to be justified by the change.
- (5) But any such order does not apply to a failure which began before the date on which the order comes into force.
- (6) A failure by any person to comply with any requirement mentioned in subsection (1) or (3) does not give rise to a liability to a penalty under this section if the person concerned satisfies—
 - (a) the Commissioners, or
 - (b) on appeal, a tribunal,
 that there is a reasonable excuse for the failure.
- (7) If by reason of conduct falling within subsection (1) or (3) a person—
 - (a) is assessed to a penalty under section 60 [^{F287} or a penalty for a deliberate inaccuracy under Schedule 24 to the Finance Act 2007], or
 - (b) is convicted of an offence (whether under this Act or otherwise),
 that conduct does not also give rise to a penalty under this section.]

Textual Amendments

F286 S. 69B inserted (19.7.2006) by [Finance Act 2006 \(c. 25\), s. 21\(2\)](#)

F287 Words in s. 69B(7)(a) inserted (1.4.2009) by [The Finance Act 2008, Schedule 40 \(Appointed Day, Transitional Provisions and Consequential Amendments\) Order 2009 \(S.I. 2009/571\), art. 1\(1\), Sch. 1 para. 16](#)

[^{F288} 69C Transactions connected with VAT fraud

- (1) A person (T) is liable to a penalty where—
 - (a) T has entered into a transaction involving the making of a supply by or to T (“the transaction”), and
 - (b) conditions A to C are satisfied.
- (2) Condition A is that the transaction was connected with the fraudulent evasion of VAT by another person (whether occurring before or after T entered into the transaction).
- (3) Condition B is that T knew or should have known that the transaction was connected with the fraudulent evasion of VAT by another person.

Status: Point in time view as at 28/01/2019.

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- (4) Condition C is that HMRC have issued a decision (“the denial decision”) in relation to the supply which—
 - (a) prevents T from exercising or relying on a VAT right in relation to the supply,
 - (b) is based on the facts which satisfy conditions A and B in relation to the transaction, and
 - (c) applies a relevant principle of EU case law (whether or not in circumstances that are the same as the circumstances in which any relevant case was decided by the European Court of Justice).
- (5) In this section “VAT right” includes the right to deduct input tax, the right to apply a zero rate to international supplies and any other right connected with VAT in relation to a supply.
- (6) The relevant principles of EU case law for the purposes of this section are the principles established by the European Court of Justice in the following cases—
 - (a) joined Cases C-439/04 and C-440/04 *Axel Kittel v. Belgian State; Belgium v. Recolta Recycling* (denial of right to deduct input tax), and
 - (b) Case C-273/11 (*b) Mecsek-Gabona Kft v Nemzeti Adó- és Vámhivatal Dél-dunántúli Regionális Adó Főigazgatósága*) (denial of right to zero rate),as developed or extended by that Court (whether before or after the coming into force of this section) in other cases relating to the denial or refusal of a VAT right in order to prevent abuses of the VAT system.
- (7) The penalty payable under this section is 30% of the potential lost VAT.
- (8) The potential lost VAT is—
 - (a) the additional VAT which becomes payable by T as a result of the denial decision,
 - (b) the VAT which is not repaid to T as a result of that decision, or
 - (c) in a case where as a result of that decision VAT is not repaid to T and additional VAT becomes payable by T, the aggregate of the VAT that is not repaid and the additional VAT.
- (9) Where T is liable to a penalty under this section the Commissioners may assess the amount of the penalty and notify it to T accordingly.
- (10) No assessment of a penalty under this section may be made more than two years after the denial decision is issued.
- (11) The assessment of a penalty under this section may be made immediately after the denial decision is made (and notice of the assessment may be given to T in the same document as the notice of the decision).
- (12) Where by reason of actions involved in making a claim to exercise or rely on a VAT right in relation to a supply T—
 - (a) is liable to a penalty for an inaccuracy under paragraph 1 of Schedule 24 to the Finance Act 2007 for which T has been assessed (and the assessment has not been successfully appealed against by T or withdrawn), or
 - (b) is convicted of an offence (whether under this Act or otherwise),those actions do not give rise to liability to a penalty under this section.

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Textual Amendments

F288 Ss. 69C-69E inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. 68(2) (with s. 68(7))

69D Penalties under section 69C: officers' liability

- (1) Where—
 - (a) a company is liable to a penalty under section 69C, and
 - (b) the actions of the company which give rise to that liability were attributable to an officer of the company (“the officer”),

the officer is liable to pay such portion of the penalty (which may be equal to or less than 100%) as HMRC may specify in a notice given to the officer (a “decision notice”).
- (2) Before giving the officer a decision notice HMRC must—
 - (a) inform the officer that they are considering doing so, and
 - (b) afford the officer the opportunity to make representations about whether a decision notice should be given or the portion that should be specified.
- (3) A decision notice—
 - (a) may not be given before the amount of the penalty due from the company has been assessed (but it may be given immediately after that has happened), and
 - (b) may not be given more than two years after the denial decision relevant to that penalty was issued.
- (4) Where the Commissioners have specified a portion of the penalty in a decision notice given to the officer—
 - (a) section 70 applies to the specified portion as to a penalty under section 69C,
 - (b) the officer must pay the specified portion before the end of the period of 30 days beginning with the day on which the notice is given,
 - (c) section 76(9) applies as if the decision notice were an assessment notified under section 76, and
 - (d) a further decision notice may be given in respect of a portion of any additional amount assessed in an additional assessment.
- (5) HMRC may not recover more than 100% of the penalty through issuing decision notices in relation to two or more persons.
- (6) A person is not liable to pay an amount by virtue of this section if the actions of the company concerned are attributable to the person by reference to conduct for which the person has been convicted of an offence.

In this subsection “conduct” includes omissions.
- (7) In this section “company” means a body corporate or unincorporated association but does not include a partnership, a local authority or a local authority association.
- (8) In its application to a body corporate other than a limited liability partnership “officer” means—
 - (a) a director (including a shadow director within the meaning of section 251 of the Companies Act 2006),
 - (b) a manager, or
 - (c) a secretary.

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- (9) In its application to a limited liability partnership “officer” means a member.
- (10) In its application in any other case, “officer” means—
- (a) a director,
 - (b) a manager,
 - (c) a secretary, or
 - (d) any other person managing or purporting to manage any of the company's affairs.

Textual Amendments

F288 Ss. 69C-69E inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. 68(2) (with s. 68(7))

69E Publication of details of persons liable to penalties under section 69C

- (1) The Commissioners may publish information about a person if—
- (a) in consequence of an investigation the person has been found liable to one or more penalties under section 69C (the amount of which has been assessed), and
 - (b) the potential lost VAT in relation to the penalty (or the aggregate of the potential lost VAT in relation to each of the penalties) exceeds £50,000.
- (2) The information that may be published under subsection (1) is—
- (a) the person's name (including any trading name, previous name or pseudonym),
 - (b) the person's address (or registered office),
 - (c) the nature of any business carried on by the person,
 - (d) the amount of the penalty or penalties in question,
 - (e) the periods or times to which the actions giving rise to the penalty or penalties relate,
 - (f) any other information that the Commissioners consider it appropriate to publish in order to make clear the person's identity.
- (3) In a case where—
- (a) the requirements in subsection (1)(a) and (b) are met in relation to a penalty or penalties for which a company is liable,
 - (b) information about the company is published by virtue of this section,
 - (c) a person (“the officer”) has been given a decision notice under section 69D specifying a portion of the penalty (or, if there is more than one penalty, of any of the penalties) payable by the company as a portion which the officer is liable to pay, and
 - (d) the amount (or, if the decision notice specifies portions of more than one penalty, the aggregate amount) which the officer is liable to pay under the decision notice exceeds £25,000,
- the Commissioners may publish information about the officer.
- (4) The information that may be published under subsection (3) is—
- (a) the officer's name,
 - (b) the officer's address,

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- (c) the officer's position (or former position) in the company,
 - (d) the amount of any penalty imposed on the company of which a portion is payable by the officer under the decision notice and the portion so payable,
 - (e) the periods or times to which the actions giving rise to any such penalty relate,
 - (f) any other information that the Commissioners consider it appropriate to publish in order to make clear the officer's identity.
- (5) Information published under this section may be published in any manner that the Commissioners consider appropriate.
- (6) Before publishing any information under this section the Commissioners must—
- (a) inform the person or officer to which it relates that they are considering doing so (in the case of an officer, on the assumption that they publish information about the company), and
 - (b) afford the person or officer the opportunity to make representations about whether it should be published.
- (7) No information may be published under subsection (1) before the day on which the penalty becomes final or, where more than one penalty is involved, the latest day on which any of the penalties becomes final.
- (8) No information may be published under subsection (1) for the first time after the end of the period of one year beginning with that day.
- (9) No information may be published under subsection (3) before whichever is the later of—
- (a) the day mentioned in subsection (7), and
 - (b) the day on which the decision notice given to the officer becomes final.
- (10) No information may be published under subsection (3) for the first time after the end of the period of one year beginning with the later of the two days mentioned in subsection (9).
- (11) No information may be published (or continue to be published) under subsection (1) or (3) after the end of the period of three years beginning with the day mentioned in subsection (7).
- (12) For the purposes of this section a penalty or a decision notice becomes final when the time for any appeal or further appeal relating to it expires or, if later, any appeal or final appeal relating to it is finally determined.
- (13) The Treasury may by regulations made by statutory instrument—
- (a) amend subsection (1) to vary the amount for the time being specified in paragraph (b), or
 - (b) amend subsection (3) to vary the amount for the time being specified in paragraph (d).
- (14) A statutory instrument containing regulations under subsection (13) is subject to annulment in pursuance of a resolution of the House of Commons.]

Textual Amendments

F288 Ss. 69C-69E inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 68\(2\)](#) (with [s. 68\(7\)](#))

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70 Mitigation of penalties under sections 60, 63, 64 [^{F289}, 67, 69A and 69C].

- (1) Where a person is liable to a penalty under section 60, 63, 64 [^{F290}, 67 [^{F291}, 69A or 69C]] [^{F292} or under paragraph 10 of Schedule 11A], the Commissioners or, on appeal, a tribunal may reduce the penalty to such amount (including nil) as they think proper.
- (2) In the case of a penalty reduced by the Commissioners under subsection (1) above, a tribunal, on an appeal relating to the penalty, may cancel the whole or any part of the reduction made by the Commissioners.
- (3) None of the matters specified in subsection (4) below shall be matters which the Commissioners or any tribunal shall be entitled to take into account in exercising their powers under this section.
- (4) Those matters are—
 - (a) the insufficiency of the funds available to any person for paying any VAT due or for paying the amount of the penalty;
 - (b) the fact that there has, in the case in question or in that case taken with any other cases, been no or no significant loss of VAT;
 - (c) the fact that the person liable to the penalty or a person acting on his behalf has acted in good faith.

[^{F293}(5) In the application of subsections (3) and (4) in relation to a penalty under section 69C, subsection (4) has effect with the omission of paragraphs (b) and (c).]

Textual Amendments

F289 Words in s. 70 heading substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 68\(3\)\(a\)](#)

F290 Words in s. 70(1) substituted (28.7.2000) by [2000 c. 17, s. 137\(3\)](#)

F291 Words in s. 70(1) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 68\(3\)\(b\)](#)

F292 Words in s. 70(1) inserted (22.7.2004 for specified purposes, 1.8.2004 in so far as not already in force) by [Finance Act 2004 \(c. 12\), s. 19\(2\), Sch. 2 para. 3; S.I. 2004/1934, art. 2](#)

F293 S. 70(5) inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 68\(3\)\(c\)](#)

71 Construction of sections 59 to 70.

- (1) For the purpose of any provision of sections 59 to 70 which refers to a reasonable excuse for any conduct—
 - (a) an insufficiency of funds to pay any VAT due is not a reasonable excuse; and
 - (b) where reliance is placed on any other person to perform any task, neither the fact of that reliance nor any dilatoriness or inaccuracy on the part of the person relied upon is a reasonable excuse.
- (2) In relation to a prescribed accounting period, any reference in sections 59 to 69 to credit for input tax includes a reference to any sum which, in a return for that period, is claimed as a deduction from VAT due.

72 Offences.

- (1) If any person is knowingly concerned in, or in the taking of steps with a view to, the fraudulent evasion of VAT by him or any other person, he shall be liable—

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- (a) on summary conviction, to a penalty of [^{F294}the statutory maximum][^{F294}£20,000] or of three times the amount of the VAT, whichever is the greater, or to imprisonment for a term not exceeding 6 months or to both; or
 - (b) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding 7 years or to both.
- (2) Any reference in subsection (1) above or subsection (8) below to the evasion of VAT includes a reference to the obtaining of—
- (a) the payment of a VAT credit; or
 - (b) a refund under section 35, 36 or 40 of this Act or section 22 of the 1983 Act; or
 - (c) a refund under any regulations made by virtue of section 13(5); or
 - (d) a repayment under section 39;
- and any reference in those subsections to the amount of the VAT shall be construed—
- (i) in relation to VAT itself or a VAT credit, as a reference to the aggregate of the amount (if any) falsely claimed by way of credit for input tax and the amount (if any) by which output tax was falsely understated, and
 - (ii) in relation to a refund or repayment falling within paragraph (b), (c) or (d) above, as a reference to the amount falsely claimed by way of refund or repayment.
- (3) If any person—
- (a) with intent to deceive produces, furnishes or sends for the purposes of this Act or otherwise makes use for those purposes of any document which is false in a material particular; or
 - (b) in furnishing any information for the purposes of this Act makes any statement which he knows to be false in a material particular or recklessly makes a statement which is false in a material particular,
- he shall be liable—
- (i) on summary conviction, to a penalty of [^{F295}the statutory maximum][^{F295}£20,000] or, where subsection (4) or (5) below applies, to the alternative penalty specified in that subsection if it is greater, or to imprisonment for a term not exceeding 6 months or to both; or
 - (ii) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding 7 years or to both.
- (4) In any case where—
- (a) the document referred to in subsection (3)(a) above is a return required under this Act, or
 - (b) the information referred to in subsection (3)(b) above is contained in or otherwise relevant to such a return,
- the alternative penalty referred to in subsection (3)(i) above is a penalty equal to three times the aggregate of the amount (if any) falsely claimed by way of credit for input tax and the amount (if any) by which output tax was falsely understated.
- (5) In any case where—
- (a) the document referred to in subsection (3)(a) above is a claim for a refund under section 35, 36 or 40 of this Act or section 22 of the 1983 Act, for a refund under any regulations made by virtue of section 13(5) or for a repayment under section 39, or
 - (b) the information referred to in subsection (3)(b) above is contained in or otherwise relevant to such a claim,

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the alternative penalty referred to in subsection (3)(i) above is a penalty equal to 3 times the amount falsely claimed.

- (6) The reference in subsection (3)(a) above to furnishing, sending or otherwise making use of a document which is false in a material particular, with intent to deceive, includes a reference to furnishing, sending or otherwise making use of such a document, with intent to secure that a machine will respond to the document as if it were a true document.
- (7) Any reference in subsection (3)(a) or (6) above to producing, furnishing or sending a document includes a reference to causing a document to be produced, furnished or sent.
- (8) Where a person's conduct during any specified period must have involved the commission by him of one or more offences under the preceding provisions of this section, then, whether or not the particulars of that offence or those offences are known, he shall, by virtue of this subsection, be guilty of an offence and liable—
 - (a) on summary conviction, to a penalty of [^{F296}the statutory maximum][^{F296}£20,000] or, if greater, 3 times the amount of any VAT that was or was intended to be evaded by his conduct, or to imprisonment for a term not exceeding 6 months or to both, or
 - (b) on conviction on indictment to a penalty of any amount or to imprisonment for a term not exceeding 7 years or to both.

^{F297}(9)

- (10) If any person acquires possession of or deals with any goods, or accepts the supply of any services, having reason to believe that VAT on the supply of the goods or services, on the acquisition of the goods from another member State or on the importation of the goods from a place outside the member States has been or will be evaded, he shall be liable on summary conviction to a penalty of [^{F298}level 5 on the standard scale][^{F298}£20,000] or three times the amount of the VAT, whichever is the greater.
- (11) If any person supplies [^{F299}or is supplied with] goods or services in contravention of paragraph 4(2) of Schedule 11, he shall be liable on summary conviction to a penalty of [^{F300}level 5 on the standard scale][^{F300}£20,000].
- (12) Subject to subsection (13) below, sections 145 to 155 of the Management Act (proceedings for offences, mitigation of penalties and certain other matters) shall apply in relation to offences under this Act (which include any act or omission in respect of which a penalty is imposed) and penalties imposed under this Act as they apply in relation to offences and penalties under the customs and excise Acts as defined in that Act; and accordingly in section 154(2) as it applies by virtue of this subsection the reference to duty shall be construed as a reference to VAT.
- (13) In subsection (12) above the references to penalties do not include references to penalties under sections 60 to 70.

Textual Amendments

F294 Sum in s. 72(1)(a) substituted for words (E.W.) (12.3.2015) by [The Legal Aid, Sentencing and Punishment of Offenders Act 2012 \(Fines on Summary Conviction\) Regulations 2015 \(S.I. 2015/664\)](#), reg. 1(1), [Sch. 2 para. 8\(2\)](#) (with reg. 5(1))

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- F295** Sum in s. 72(3)(i) substituted for words (E.W.) (12.3.2015) by [The Legal Aid, Sentencing and Punishment of Offenders Act 2012 \(Fines on Summary Conviction\) Regulations 2015 \(S.I. 2015/664\)](#), reg. 1(1), [Sch. 2 para. 8\(3\)](#) (with reg. 5(1))
- F296** Sum in s. 72(8)(a) substituted for words (E.W.) (12.3.2015) by [The Legal Aid, Sentencing and Punishment of Offenders Act 2012 \(Fines on Summary Conviction\) Regulations 2015 \(S.I. 2015/664\)](#), reg. 1(1), [Sch. 2 para. 8\(4\)](#) (with reg. 5(1))
- F297** S. 72(9) repealed (8.11.2007) by [Finance Act 2007 \(c. 11\)](#), s. 84(4)(5), [Sch. 22 para. 8\(a\)](#), [Sch. 27 Pt. 5\(1\)](#); [S.I. 2007/3166](#), art. 2(c)
- F298** Sum in s. 72(10) substituted for words (E.W.) (12.3.2015) by [The Legal Aid, Sentencing and Punishment of Offenders Act 2012 \(Fines on Summary Conviction\) Regulations 2015 \(S.I. 2015/664\)](#), reg. 1(1), [Sch. 2 para. 8\(5\)](#) (with reg. 5(1))
- F299** Words in s. 72(11) inserted (retrospective to 10.4.2003) by [Finance Act 2003 \(c. 14\)](#), s. 17(5)(8)
- F300** Sum in s. 72(11) substituted for words (E.W.) (12.3.2015) by [The Legal Aid, Sentencing and Punishment of Offenders Act 2012 \(Fines on Summary Conviction\) Regulations 2015 \(S.I. 2015/664\)](#), reg. 1(1), [Sch. 2 para. 8\(6\)](#) (with reg. 5(1))

Assessments of VAT and other payments due

73 Failure to make returns etc.

- (1) Where a person has failed to make any returns required under this Act (or under any provision repealed by this Act) or to keep any documents and afford the facilities necessary to verify such returns or where it appears to the Commissioners that such returns are incomplete or incorrect, they may assess the amount of VAT due from him to the best of their judgment and notify it to him.
- (2) In any case where, for any prescribed accounting period, there has been paid or credited to any person—
 - (a) as being a repayment or refund of VAT, or
 - (b) as being due to him as a VAT credit,
 an amount which ought not to have been so paid or credited, or which would not have been so paid or credited had the facts been known or been as they later turn out to be, the Commissioners may assess that amount as being VAT due from him for that period and notify it to him accordingly.
- (3) An amount—
 - (a) which has been paid to any person as being due to him as a VAT credit, and
 - (b) which, by reason of the cancellation of that person's registration under paragraph 13(2) to (6) of Schedule 1, [^{F301}paragraph 9 or 11 of Schedule 1A,[]] paragraph 6(2) of Schedule 2 [^{F302}, paragraph 6(2) or (3) of Schedule 3 or paragraph 6(1) or (2) of Schedule 3A] ought not to have been so paid,
 may be assessed under subsection (2) above notwithstanding that cancellation.
- (4) Where a person is assessed under subsections (1) and (2) above in respect of the same prescribed accounting period the assessments may be combined and notified to him as one assessment.
- (5) Where the person failing to make a return, or making a return which appears to the Commissioners to be incomplete or incorrect, was required to make the return as a personal representative, trustee in bankruptcy, [^{F303}trustee in sequestration], receiver, liquidator or person otherwise acting in a representative capacity in relation to another

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person, subsection (1) above shall apply as if the reference to VAT due from him included a reference to VAT due from that other person.

(6) An assessment under subsection (1), (2) or (3) above of an amount of VAT due for any prescribed accounting period must be made within the time limits provided for in section 77 and shall not be made after the later of the following—

- (a) 2 years after the end of the prescribed accounting period; or
- (b) one year after evidence of facts, sufficient in the opinion of the Commissioners to justify the making of the assessment, comes to their knowledge,

but (subject to that section) where further such evidence comes to the Commissioners' knowledge after the making of an assessment under subsection (1), (2) or (3) above, another assessment may be made under that subsection, in addition to any earlier assessment.

[^{F304}(6A) In the case of an assessment under subsection (2), the prescribed accounting period referred to in subsection (6)(a) and in section 77(1)(a) is the prescribed accounting period in which the repayment or refund of VAT, or the VAT credit, was paid or credited.]

(7) Where a taxable person—

- (a) has in the course or furtherance of a business carried on by him, been supplied with any goods, acquired any goods from another member State or otherwise obtained possession or control of any goods, or
- (b) has, in the course or furtherance of such a business, imported any goods from a place outside the member States,

the Commissioners may require him from time to time to account for the goods; and if he fails to prove that the goods have been or are available to be supplied by him or have been exported or otherwise removed from the United Kingdom without being exported or so removed by way of supply or have been lost or destroyed, they may assess to the best of their judgment and notify to him the amount of VAT that would have been chargeable in respect of the supply of the goods if they had been supplied by him.

[^{F305}(7A) Where a fiscal warehousekeeper has failed to pay VAT required by the Commissioners under section 18E(2), the Commissioners may assess to the best of their judgment the amount of that VAT due from him and notify it to him.

(7B) Where it appears to the Commissioners that goods have been removed from a warehouse or fiscal warehouse without payment of the VAT payable under section 18(4) or section 18D on that removal, they may assess to the best of their judgment the amount of VAT due from the person removing the goods or other person liable and notify it to him.]

(8) In any case where—

- (a) as a result of a person's failure to make a return for a prescribed accounting period, the Commissioners have made an assessment under subsection (1) above for that period,
- (b) the VAT assessed has been paid but no proper return has been made for the period to which the assessment related, and
- (c) as a result of a failure to make a return for a later prescribed accounting period, being a failure by a person referred to in paragraph (a) above or a person acting in a representative capacity in relation to him, as mentioned in subsection (5)

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above, the Commissioners find it necessary to make another assessment under subsection (1) above,

then, if the Commissioners think fit, having regard to the failure referred to in paragraph (a) above, they may specify in the assessment referred to in paragraph (c) above an amount of VAT greater than that which they would otherwise have considered to be appropriate.

- (9) Where an amount has been assessed and notified to any person under subsection (1), (2), (3) [^{F306}, (7), (7A) or (7B)] above it shall, subject to the provisions of this Act as to appeals, be deemed to be an amount of VAT due from him and may be recovered accordingly, unless, or except to the extent that, the assessment has subsequently been withdrawn or reduced.
- (10) For the purposes of this section notification to a personal representative, trustee in bankruptcy, [^{F307} trustee in sequestration], receiver, liquidator or person otherwise acting as aforesaid shall be treated as notification to the person in relation to whom he so acts.

Textual Amendments

- F301** Words in s. 73(3)(b) inserted (with effect in accordance with [Sch. 28 para. 19](#) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 28 para. 8](#)
- F302** Words in s. 73(3)(b) substituted (28.7.2000 with effect as mentioned in [s. 136\(10\)](#) of the amending Act) by [2000 c. 17](#), [s. 136\(4\)](#)
- F303** Words in s. 73(5) substituted (30.11.2016) by [The Bankruptcy \(Scotland\) Act 2016 \(Consequential Provisions and Modifications\) Order 2016 \(S.I. 2016/1034\)](#), art. 1, [Sch. 1 para. 12\(2\)](#)
- F304** S. 73(6A) inserted (retrospective to 19.3.2008) by [Finance Act 2008 \(c. 9\)](#), [s. 120\(1\)\(5\)](#)
- F305** S. 73(7A)(7B) inserted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by [1996 c. 8](#), ss. 25, 26, [Sch. 3 para. 10](#); [S.I. 1996/1249](#), [art. 2](#)
- F306** Words in s. 73(9) substituted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by [1996 c. 8](#), ss. 25, 26, [Sch. 3 para. 11](#); [S.I. 1996/1249](#), [art. 2](#)
- F307** Words in s. 73(10) substituted (30.11.2016) by [The Bankruptcy \(Scotland\) Act 2016 \(Consequential Provisions and Modifications\) Order 2016 \(S.I. 2016/1034\)](#), art. 1, [Sch. 1 para. 12\(2\)](#)

Modifications etc. (not altering text)

- C22** S. 73 modified (20.10.1995) by [S.I. 1995/2518](#), [regs. 181](#), [194](#)

74 Interest on VAT recovered or recoverable by assessment.

- (1) Subject to section 76(8), where an assessment is made under any provision of section 73 and, in the case of an assessment under section 73(1) at least one of the following conditions is fulfilled, namely—
- (a) the assessment relates to a prescribed accounting period in respect of which either—
 - (i) a return has previously been made, or
 - (ii) an earlier assessment has already been notified to the person concerned,

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- (b) the assessment relates to a prescribed accounting period which exceeds 3 months and begins on the date with effect from which the person concerned was, or was required to be, registered,
- (c) the assessment relates to a prescribed accounting period at the beginning of which the person concerned was, but should no longer have been, exempted from registration under paragraph 14(1) of Schedule 1 [^{F308}under paragraph 13 of Schedule 1A,] or [^{F309}, under paragraph 8 of Schedule 3 or under paragraph 7 of Schedule 3A],

the whole of the amount assessed shall, subject to subsection (3) below, carry interest at [^{F310}the rate applicable under section 197 of the Finance Act 1996] from the reckonable date until payment.

(2) In any case where—

- (a) the circumstances are such that an assessment falling within subsection (1) above could have been made, but
- (b) before such an assessment was made the VAT due or other amount concerned was paid (so that no such assessment was necessary),

the whole of the amount paid shall, subject to subsection (3) below, carry interest at [^{F311}the rate applicable under section 197 of the Finance Act 1996] from the reckonable date until the date on which it was paid.

(3) Where (apart from this subsection)—

- (a) the period before the assessment in question for which any amount would carry interest under subsection (1) above; or
- (b) the period for which any amount would carry interest under subsection (2) above,

would exceed 3 years, the part of that period for which that amount shall carry interest under that subsection shall be confined to the last 3 years of that period.

(4) Where an unauthorised person, as defined in [^{F312}paragraph 2(3) of Schedule 41 to the Finance Act 2008], issues an invoice showing an amount as being VAT or as including an amount attributable to VAT, the amount which is shown as VAT or, as the case may be, is to be taken as representing VAT shall carry interest at [^{F313}the rate applicable under section 197 of the Finance Act 1996] from the date of the invoice until payment.

(5) The references in subsections (1) and (2) above to the reckonable date shall be construed as follows—

- (a) where the amount assessed or paid is such an amount as is referred to in section 73(2)(a) or (b), the reckonable date is the seventh day after the day on which a written instruction was issued by the Commissioners directing the making of the payment of the amount which ought not to have been repaid or paid to the person concerned; and
- (b) in all other cases the reckonable date is the latest date on which (in accordance with regulations under this Act) a return is required to be made for the prescribed accounting period to which the amount assessed or paid relates; and
- (c) in the case of an amount assessed under section 73(7) the sum assessed shall be taken for the purposes of paragraph (b) above to relate to the period for which the assessment was made;

and interest under this section shall run from the reckonable date even if that date is a non-business day, within the meaning of section 92 of the ^{M20}Bills of Exchange Act 1882.

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F314(6)

(7) Interest under this section shall be paid without any deduction of income tax.

Textual Amendments

- F308** Words in s. 74(1)(c) inserted (with effect in accordance with [Sch. 28 para. 19](#) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 28 para. 9](#)
- F309** Words in s. 74(1)(c) substituted (28.7.2000 with effect as mentioned in [s. 136\(10\)](#) of the amending Act) by [2000 c. 17](#), [s. 136\(5\)](#)
- F310** Words in s. 74(1) substituted (1.4.1997 with effect as mentioned in [s. 197\(7\)](#) of the amending Act) by [1996 c. 8](#), [s. 197\(6\)\(d\)\(i\)\(7\)](#); S.I. 1997/1015, [art. 2](#)
- F311** Words in s. 74(2) substituted (1.4.1997 with effect as mentioned in [s. 197\(7\)](#) of the amending Act) by [1996 c. 8](#), [s. 197\(6\)\(d\)\(i\)\(7\)](#); S.I. 1997/1015, [art. 2](#)
- F312** Words in s. 74(4) substituted (1.4.2010) by [The Finance Act 2008 \(Penalties for Errors and Failure to Notify etc\) \(Consequential Amendments\) Order 2010 \(S.I. 2010/530\)](#), [art. 1](#), [Sch. para. 5](#)
- F313** Words in s. 74(4) substituted (1.4.1997 with effect as mentioned in [s. 197\(7\)](#) of the amending Act) by [1996 c. 8](#), [s. 197\(6\)\(d\)\(i\)\(7\)](#); S.I. 1997/1015, [art. 2](#)
- F314** S. 74(6) repealed (1.4.1997 with effect as mentioned in [s. 197\(7\)](#) of the amending Act) by [1996 c. 8](#), [s. 205](#), [Sch. 41 Pt. VIII](#) Note; S.I. 1997/1015, [art. 2](#)

Modifications etc. (not altering text)

- C23** S. 74 modified (6.2.1996) by [S.I. 1996/165](#), [art. 2](#)
 S. 74 power to amend (1.4.1997) by [1996 c. 8](#), [s. 197\(2\)\(c\)\(7\)](#); S.I. 1997/1015, [art. 2](#)

Marginal Citations

- M20** [1882 c. 61](#).

75 Assessments in cases of acquisitions of certain goods by non-taxable persons.

- (1) Where a person who has, at a time when he was not a taxable person, acquired in the United Kingdom from another member State any goods subject to a duty of excise or consisting in a new means of transport and—
 - (a) notification of that acquisition has not been given to the Commissioners by the person who is required to give one by regulations under paragraph 2(4) of Schedule 11 (whether before or after the commencement of this Act);
 - (b) the Commissioners are not satisfied that the particulars relating to the acquisition in any notification given to them are accurate and complete; or
 - (c) there has been a failure to supply the Commissioners with the information necessary to verify the particulars contained in any such notification,
 they may assess the amount of VAT due on the acquisition to the best of their judgment and notify their assessment to that person.

- (2) An assessment under this section must be made within the time limits provided for in section 77 and shall not be made after whichever is the later of the following—
 - (a) 2 years after the time when a notification of the acquisition of the goods in question is given to the Commissioners by the person who is required to give one by regulations under paragraph 2(4) of Schedule 11;
 - (b) one year after evidence of the facts, sufficient in the opinion of the Commissioners to justify the making of the assessment, comes to their knowledge,

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but (subject to section 77) where further such evidence comes to the Commissioners' knowledge after the making of an assessment under this section, another assessment may be made under this section, in addition to any earlier assessment.

- (3) Where an amount has been assessed and notified to any person under this section, it shall, subject to the provisions of this Act as to appeals, be deemed to be an amount of VAT due from him and may be recovered accordingly, unless, or except to the extent that, the assessment has subsequently been withdrawn or reduced.
- (4) For the purposes of this section, notification to a personal representative, trustee in bankruptcy, [^{F315}trustee in sequestration], receiver, liquidator or person otherwise acting in a representative capacity in relation to the person who made the acquisition in question shall be treated as notification to the person in relation to whom he so acts.

Textual Amendments

F315 Words in s. 75(4) substituted (30.11.2016) by [The Bankruptcy \(Scotland\) Act 2016 \(Consequential Provisions and Modifications\) Order 2016 \(S.I. 2016/1034\)](#), art. 1, [Sch. 1 para. 12\(3\)](#)

76 Assessment of amounts due by way of penalty, interest or surcharge.

- (1) Where any person is liable—
 - (a) to a surcharge under section 59^{F316}, section 59A, paragraph 16F of Schedule 3B or paragraph 26 of Schedule 3BA,] or
 - (b) to a penalty under any of sections 60 [^{F317}to 69C], or
 - (c) for interest under section 74, [^{F318}or
 - (d) a penalty under regulations made under section 135 of the Finance Act 2002 (mandatory electronic filing of returns) in connection with VAT,] the Commissioners may, subject to subsection (2) below, assess the amount due by way of penalty, interest or surcharge, as the case may be, and notify it to him accordingly; and the fact that any conduct giving rise to a penalty under any of sections 60 [^{F319}to [^{F320}69B]] [^{F321}or the regulations] may have ceased before an assessment is made under this section shall not affect the power of the Commissioners to make such an assessment.
- (2) Where a person is liable to a penalty under section 69 for any failure to comply with such a requirement as is referred to in subsection (1)(c) to (f) of that section, no assessment shall be made under this section of the amount due from him by way of such penalty unless, within the period of 2 years preceding the assessment, the Commissioners have issued him with a written warning of the consequences of a continuing failure to comply with that requirement.
- (3) In the case of the penalties, interest and surcharge referred to in the following paragraphs, the assessment under this section shall be of an amount due in respect of the prescribed accounting period which in the paragraph concerned is referred to as “the relevant period”—
 - (a) in the case of a surcharge under section 59 [^{F322}or 59A], the relevant period is the prescribed accounting period in respect of which the taxable person is in default and in respect of which the surcharge arises;
 - (b) in the case of a penalty under section 60 relating to the evasion of VAT, the relevant period is the prescribed accounting period for which the VAT evaded was due;

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- (c) in the case of a penalty under section 60 relating to the obtaining of the payment of a VAT credit, the relevant period is the prescribed accounting period in respect of which the payment was obtained;
 - (d) in the case of a penalty under section 63, the relevant period is the prescribed accounting period for which liability to VAT was understated or, as the case may be, for which entitlement to a VAT credit was overstated;^{F323} ...
 - (e) in the case of interest under section 74, the relevant period is the prescribed accounting period in respect of which the VAT (or amount assessed as VAT) was due^{F324}; and
 - (f) in the case of a penalty under regulations made under section 135 of the Finance Act 2002, the relevant period is the prescribed accounting period in respect of which the contravention of, or failure to comply with, the regulations occurred].
- [^{F325}(3A) In the case of a surcharge under paragraph 16F of Schedule 3B or paragraph 26 of Schedule 3BA, the assessment under this section is of an amount due in respect of “the relevant period”, that is to say, the tax period (see section 76A) in respect of which the person is in default and in respect of which the surcharge arises.]
- (4) In any case where the amount of any penalty, interest or surcharge falls to be calculated by reference to VAT which was not paid at the time it should have been and that VAT (or the supply which gives rise to it) cannot be readily attributed to any one or more prescribed accounting periods, it shall be treated for the purposes of this Act as VAT due for such period or periods as the Commissioners may determine to the best of their judgment and notify to the person liable for the VAT and penalty, interest or surcharge.
 - (5) Where a person is assessed under this section to an amount due by way of any penalty, interest or surcharge falling within subsection (3) [^{F326}or (3A)] above and is also assessed under section 73(1), (2) [^{F327}, (7), (7A) or (7B)] for the prescribed accounting period which is the relevant period under subsection (3) [^{F326}or (3A)] above, the assessments may be combined and notified to him as one assessment, but the amount of the penalty, interest or surcharge shall be separately identified in the notice.
 - (6) An assessment to a penalty under section 67 by virtue of subsection (1)(b) of that section may be combined with an assessment under section 75 and the 2 assessments notified together but the amount of the penalty shall be separately identified in the notice.
 - (7) In the case of an amount due by way of penalty under section 66 or 69 or interest under section 74—
 - (a) a notice of assessment under this section shall specify a date, being not later than the date of the notice, to which the aggregate amount of the penalty which is assessed or, as the case may be, the amount of interest is calculated; and
 - (b) if the penalty or interest continues to accrue after that date, a further assessment or assessments may be made under this section in respect of amounts which so accrue.
 - (8) If, within such period as may be notified by the Commissioners to the person liable to a penalty under section 66 or 69 or for interest under section 74—
 - (a) a failure or default falling within section 66(1) or 69(1) is remedied, or
 - (b) the VAT or other amount referred to in section 74(1) is paid,
 it shall be treated for the purposes of section 66 or 69 or, as the case may be, section 74 as paid or remedied on the date specified as mentioned in subsection (7)(a) above.

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- (9) If an amount is assessed and notified to any person under this section, then unless, or except to the extent that, the assessment is withdrawn or reduced, that amount shall be recoverable as if it were VAT due from him.
- (10) For the purposes of this section, notification to a personal representative, trustee in bankruptcy, [^{F328}trustee in sequestration], receiver, liquidator or person otherwise acting in a representative capacity in relation to the person who made the acquisition in question shall be treated as notification to the person in relation to whom he so acts.

Textual Amendments

- F316** Words in s. 76(1)(a) substituted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\), Sch. 22 para. 13\(a\)](#)
- F317** Words in s. 76(1)(b) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 68\(4\)](#)
- F318** S. 76(1)(d) and word inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 93\(5\)](#)
- F319** Words in s. 76(1) substituted (28.7.2000) by [2000 c. 17, s. 137\(4\)](#)
- F320** Word in s. 76(1) substituted (19.7.2006) by [Finance Act 2006 \(c. 25\), s. 21\(3\)](#)
- F321** Words in s. 76(1) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 93\(6\)](#)
- F322** Words in s. 76(3)(a) substituted (29.4.1996 with effect as mentioned in s. 35(8) of the amending Act) by [1996 c. 8, s. 35\(7\)\(8\)](#)
- F323** Word in s. 76(3)(d) repealed (19.7.2007) by [Finance Act 2007 \(c. 11\), Sch. 27 Pt. 5\(4\)](#)
- F324** S. 76(3)(f) and word inserted (19.7.2007) by [Finance Act 2007 \(c. 11\), s. 93\(7\)](#)
- F325** S. 76(3A) inserted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\), Sch. 22 para. 13\(b\)](#)
- F326** Words in s. 76(5) inserted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\), Sch. 22 para. 13\(c\)](#)
- F327** Words in s. 76(5) inserted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by [1996 c. 8, ss. 25, 26, Sch. 3 para. 11](#); [S.I. 1996/1249, art. 2](#)
- F328** Words in s. 76(10) substituted (30.11.2016) by [The Bankruptcy \(Scotland\) Act 2016 \(Consequential Provisions and Modifications\) Order 2016 \(S.I. 2016/1034\), art. 1, Sch. 1 para. 12\(4\)](#)

Modifications etc. (not altering text)

- C24** S. 76(1)-(8) excluded (1.4.2004) by [The Recovery of Duties and Taxes Etc. Due in Other Member States \(Corresponding UK Claims, Procedure and Supplementary\) Regulations 2004 \(S.I. 2004/674\), reg. 1, Sch. 2 para. 3\(1\)](#)
- C25** S. 76(9) applied (with modifications) (1.4.2004) by [The Recovery of Duties and Taxes Etc. Due in Other Member States \(Corresponding UK Claims, Procedure and Supplementary\) Regulations 2004 \(S.I. 2004/674\), reg. 1, Sch. 2 para. 3\(2\)](#)
- C26** S. 76(9) restricted (1.4.2004) by [The Recovery of Duties and Taxes Etc. Due in Other Member States \(Corresponding UK Claims, Procedure and Supplementary\) Regulations 2004 \(S.I. 2004/674\), reg. 1, Sch. 2 para. 3\(1\)](#)
- C27** S. 76(10) amended (retrospectively) by [1997 c. 16, s. 45\(6\)](#)
- C28** S. 76(10) excluded (1.4.2004) by [The Recovery of Duties and Taxes Etc. Due in Other Member States \(Corresponding UK Claims, Procedure and Supplementary\) Regulations 2004 \(S.I. 2004/674\), reg. 1, Sch. 2 para. 3\(1\)](#)

[^{F329}76A Section 76: cases involving special accounting schemes

- (1) References in section 76 to a prescribed accounting period are to be read as including a tax period so far as that is necessary for the purposes of the references in section 76(1)

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- (a) to paragraph 16F of Schedule 3B and paragraph 26 of Schedule 3BA (assessment of surcharge in certain cases involving special accounting schemes).
- (2) References in section 77 to a prescribed accounting period are to be read accordingly.
- (3) In this section and section 76 “tax period” means a tax period as defined in paragraph 23(1) of Schedule 3B or paragraph 38(1) of Schedule 3BA, as the case requires.]

Textual Amendments

F329 S. 76A inserted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 22 para. 14](#)

77 Assessments: time limits and supplementary assessments.

- (1) Subject to the following provisions of this section, an assessment under section 73, 75 or 76, shall not be made—
 - (a) more than [^{F330}4 years] after the end of the prescribed accounting period or importation or acquisition concerned, or
 - (b) in the case of an assessment under section 76 of an amount due by way of a penalty which is not among those referred to in subsection (3) of that section, [^{F331}4 years] after the event giving rise to the penalty.
- [^{F332}(2) Subject to subsection (5) below, an assessment under section 76 of an amount due by way of any penalty, interest or surcharge referred to in subsection (3) [^{F333}or (3A)] of that section may be made at any time before the expiry of the period of 2 years beginning with the time when the amount of VAT due for the prescribed accounting period concerned has been finally determined.
- (2A) Subject to subsection (5) below, an assessment under section 76 of a penalty under section 65 or 66 may be made at any time before the expiry of the period of 2 years beginning with the time when facts sufficient in the opinion of the Commissioners to indicate, as the case may be—
 - (a) that the statement in question contained a material inaccuracy, or
 - (b) that there had been a default within the meaning of section 66(1), came to the Commissioners’ knowledge.]
- (3) In relation to an assessment under section 76, any reference in subsection (1) or (2) above to the prescribed accounting period concerned is a reference to that period which, in the case of the penalty, interest or surcharge concerned, is the relevant period referred to in subsection (3) [^{F334}or (3A)] of that section.
- [^{F335}(4) In any case falling within subsection (4A), an assessment of a person (“P”), or of an amount payable by P, may be made at any time not more than 20 years after the end of the prescribed accounting period or the importation, acquisition or event giving rise to the penalty, as appropriate (subject to subsection (5)).
- (4A) Those cases are—
 - (a) a case involving a loss of VAT brought about deliberately by P (or by another person acting on P’s behalf),
 - (b) a case in which P has participated in a transaction knowing that it was part of arrangements of any kind (whether or not legally enforceable) intended to bring about a loss of VAT,

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- (c) a case involving a loss of VAT attributable to a failure by P to comply with a notification obligation, and
 - (d) a case involving a loss of VAT attributable to a scheme in respect of which P has failed to comply with an obligation under paragraph 6 of Schedule 11A [F336 or an obligation under paragraph 17(2) or 18(2) of Schedule 17 to FA 2017].
- (4B) In subsection (4A) the references to a loss of tax brought about deliberately by P or another person include a loss that arises as a result of a deliberate inaccuracy in a document given to Her Majesty's Revenue and Customs by that person.
- (4C) In subsection (4A)(c) “notification obligation” means an obligation under—
- (a) paragraph 5, 6, 7 or 14(2) or (3) of Schedule 1,
 - [F337 (aa) paragraph 5, 6 or 13(3) of Schedule 1A,]
 - (b) paragraph 3 of Schedule 2,
 - (c) paragraph 3 or 8(2) of Schedule 3,
 - (d) paragraph 3, 4 or 7(2) or (3) of Schedule 3A, or
 - (e) regulations under paragraph 2(4) of Schedule 11.]
- (5) Where, after a person’s death, the Commissioners propose to assess a sum as due by reason of some conduct (howsoever described) of the deceased, including a sum due by way of penalty, interest or surcharge—
- (a) the assessment shall not be made more than [F338 4 years] after the death; F339 ...
 - F339 (b)
- (6) If, otherwise than in circumstances falling within section 73(6)(b) or 75(2)(b), it appears to the Commissioners that the amount which ought to have been assessed in an assessment under that section or under section 76 exceeds the amount which was so assessed, then—
- (a) under the like provision as that assessment was made, and
 - (b) on or before the last day on which that assessment could have been made,
- the Commissioners may make a supplementary assessment of the amount of the excess and shall notify the person concerned accordingly.

Textual Amendments

- F330** Words in s. 77(1)(a) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 118(2), [Sch. 39 para. 34\(2\)](#); [S.I. 2009/403](#), art. 2(1) (with arts. 4, 9)
- F331** Words in s. 77(1)(b) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 118(2), [Sch. 39 para. 34\(2\)](#); [S.I. 2009/403](#), art. 2(1) (with arts. 4, 9)
- F332** S. 77(2)(2A) substituted (27.7.1999 with effect as mentioned in s. 18(2)) for s. 77(2) by [1999 c. 16](#), s. [18\(1\)\(2\)](#)
- F333** Words in s. 77(2) inserted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 22 para. 15\(a\)](#)
- F334** Words in s. 77(3) inserted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 22 para. 15\(b\)](#)
- F335** S. 77(4)-(4C) substituted for s. 77(4) (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 118(2), [Sch. 39 para. 34\(3\)](#); [S.I. 2009/403](#), art. 2(1) (with arts. 4, 9)
- F336** Words in s. 77(4A)(d) inserted (16.11.2017 for specified purposes, 1.1. 2018 in so far as not already in force) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. 66(4), [Sch. 17 para. 51](#)
- F337** S. 77(4C)(aa) inserted (with effect in accordance with [Sch. 28 para. 19](#) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 28 para. 10](#)

Status: Point in time view as at 28/01/2019.

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- F338** Words in s. 77(5)(a) substituted (1.4.2009) by Finance Act 2008 (c. 9), s. 118(2), **Sch. 39 para. 34(4)(a)**; S.I. 2009/403, art. 2(1) (with arts. 4, 9)
- F339** S. 77(5)(b) and word omitted (1.4.2009) by virtue of Finance Act 2008 (c. 9), s. 118(2), **Sch. 39 para. 34(4)(b)**; S.I. 2009/403, art. 2(1) (with arts. 4, 9)

[^{F340}Liability for unpaid VAT of another

Textual Amendments

- F340** S. 77A and cross-heading inserted (retrospective to 10.4.2003) by Finance Act 2003 (c. 14), s. 18(1)(4)

77A Joint and several liability of traders in supply chain where tax unpaid

- (1) This section applies to goods [^{F341}which fall within any one or more] of the following descriptions—
- [^{F342}(a) any equipment made or adapted for use as a telephone and any other equipment made or adapted for use in connection with telephones or telecommunication;
 - (b) any equipment made or adapted for use as a computer and any other equipment made or adapted for use in connection with computers or computer systems (including, in particular, positional determination devices for use with satellite navigation systems);
 - (c) any other electronic equipment made or adapted for use by individuals for the purposes of leisure, amusement or entertainment and any other equipment made or adapted for use in connection with any such electronic equipment;
- and in this subsection “other equipment” includes parts, accessories and software.]
- (2) Where—
- (a) a taxable supply of goods to which this section applies has been made to a taxable person, and
 - (b) at the time of the supply the person knew or had reasonable grounds to suspect that some or all of the VAT payable in respect of that supply, or on any previous or subsequent supply of those goods, would go unpaid,
- the Commissioners may serve on him a notice specifying the amount of the VAT so payable that is unpaid, and stating the effect of the notice.
- (3) The effect of a notice under this section is that—
- (a) the person served with the notice, and
 - (b) the person liable, apart from this section, for the amount specified in the notice,
- are jointly and severally liable to the Commissioners for that amount.
- (4) For the purposes of subsection (2) above the amount of VAT that is payable in respect of a supply is the lesser of—
- (a) the amount chargeable on the supply, and
 - (b) the amount shown as due on the supplier’s return for the prescribed accounting period in question (if he has made one) together with any amount assessed as due from him for that period (subject to any appeal by him).

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- (5) The reference in subsection (4)(b) above to assessing an amount as due from a person includes a reference to the case where, because it is impracticable to do so, the amount is not notified to him.
- (6) For the purposes of subsection (2) above, a person shall be presumed to have reasonable grounds for suspecting matters to be as mentioned in paragraph (b) of that subsection if the price payable by him for the goods in question—
- (a) was less than the lowest price that might reasonably be expected to be payable for them on the open market, or
 - (b) was less than the price payable on any previous supply of those goods.
- (7) The presumption provided for by subsection (6) above is rebuttable on proof that the low price payable for the goods was due to circumstances unconnected with failure to pay VAT.
- (8) Subsection (6) above is without prejudice to any other way of establishing reasonable grounds for suspicion.
- [^{F343}(9) The Treasury may by order amend subsection (1) above.
- (9A) The Treasury may by order amend this section in order to extend or otherwise alter the circumstances in which a person shall be presumed to have reasonable grounds for suspecting matters to be as mentioned in subsection (2)(b) above.
- (9B) Any order under this section may make such incidental, supplemental, consequential or transitional provision as the Treasury think fit.]
- (10) For the purposes of this section—
- (a) “goods” includes services;
 - (b) an amount of VAT counts as unpaid only to the extent that it exceeds the amount of any refund due.]

Textual Amendments

F341 Words in s. 77A(1) substituted (1.5.2007) by [The Value Added Tax \(Amendment of section 77A of the Value Added Tax Act 1994\) Order 2007 \(S.I. 2007/939\)](#), arts. 1, **2(a)**

F342 S. 77A(1)(a)-(c) substituted for s. 77A(1)(a)(b) (1.5.2007) by [The Value Added Tax \(Amendment of section 77A of the Value Added Tax Act 1994\) Order 2007 \(S.I. 2007/939\)](#), arts. 1, **2(b)**

F343 S. 77A(9)-(9B) substituted for s. 77A(9) (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), s. **98(1)**

[^{F344}*Online marketplaces*]

Textual Amendments

F344 S. 77B cross-heading inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), s. **38(3)**

[^{F345}**77B Joint and several liability:** [^{F346}**sellers identified as non-compliant by the Commissioners**]

- (1) This section applies where a person (“P”)^{F347}...—
- (a) makes taxable supplies of goods through an online marketplace, and

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- (b) fails to comply with any requirement imposed on P by or under this Act (whether or not it relates to those supplies).
- (2) The Commissioners may give the person who is the operator of the online marketplace (“the operator”) a notice—
 - (a) stating that, unless the operator secures the result mentioned in subsection (3), subsection (5) will apply, and
 - (b) explaining the effect of subsection (5).
- (3) The result referred to in subsection (2)(a) is that P does not offer goods for sale through the online marketplace at any time between—
 - (a) the end of such period as may be specified in the notice, and
 - (b) the notice ceasing to have effect.
- (4) If the operator does not secure the result mentioned in subsection (3), subsection (5) applies.
- (5) The operator is jointly and severally liable to the Commissioners for the amount of VAT payable by P in respect of all taxable supplies of goods made by P through the online marketplace in the period for which the notice has effect.
- (6) A notice under subsection (2) (“the liability notice”) has effect for the period beginning with the day after the day on which it is given, and ending—
 - (a) with the day specified in a notice given by the Commissioners under subsection (7), or
 - (b) in accordance with subsection (8).
- (7) The Commissioners may at any time give the operator a notice stating that the period for which the liability notice has effect ends with the day specified in the notice.
- (8) If the person to whom the liability notice is given ceases to be the operator of the online marketplace, the liability notice ceases to have effect at the end of—
 - (a) the day on which the person ceases to be the operator, or
 - (b) (if later) the day on which the person notifies the Commissioners that the person is no longer the operator.
- (9) In this section—
 - “online marketplace” means a website, or any other means by which information is made available over the internet, through which persons other than the operator are able to offer goods for sale (whether or not the operator also does so);
 - “operator”, in relation to an online marketplace, means the person who controls access to, and the contents of, the online marketplace.

^{F348}(10)

(11) The Treasury may by regulations provide that supplies made or goods offered for sale in circumstances specified in the regulations are, or are not, to be treated for the purposes of this section as having been made or offered through an online marketplace.

(12) The Treasury may by regulations amend this section so as to alter the meaning of—
“online marketplace”,
“operator” ^{F349} ...
^{F349} ...

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Textual Amendments

- F345** Ss. 77B-77D inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 124\(2\)](#)
F346 Words in s. 77B heading substituted (15.3.2018) by [Finance Act 2018 \(c. 3\), s. 38\(4\)\(a\)](#)
F347 Words in s. 77B(1) omitted (15.3.2018) by virtue of [Finance Act 2018 \(c. 3\), s. 38\(4\)\(b\)](#)
F348 S. 77B(10) omitted (15.3.2018) by virtue of [Finance Act 2018 \(c. 3\), s. 38\(4\)\(c\)](#)
F349 Words in s. 77B(12) omitted (15.3.2018) by virtue of [Finance Act 2018 \(c. 3\), s. 38\(4\)\(d\)](#)

[^{F350}77B] **Joint and several liability: non-UK sellers in breach of Schedule 1A registration requirement**

- (1) This section applies where—
 - (a) a person (“P”) who makes taxable supplies of goods through an online marketplace is in breach of a Schedule 1A registration requirement, and
 - (b) the operator of the online marketplace knows, or should know, that P is in breach of a Schedule 1A registration requirement.
- (2) If the operator of the online marketplace does not secure the result in subsection (3), subsection (4) applies.
- (3) The result referred to in subsection (2) is that P does not offer goods for sale through the online marketplace in any period between—
 - (a) the end of the period of 60 days beginning with the day on which the operator first knew, or should have known, that P was in breach of a Schedule 1A registration requirement, and
 - (b) P ceasing to be in breach of a Schedule 1A registration requirement.
- (4) The operator is jointly and severally liable to the Commissioners for the amount of VAT payable by P in respect of all taxable supplies of goods made by P through the online marketplace in the relevant period.
- (5) The relevant period is the period—
 - (a) beginning with the day on which the operator first knew, or should have known, that P was in breach of a Schedule 1A registration requirement, and
 - (b) ending with P ceasing to be in breach of a Schedule 1A registration requirement.
- (6) But if the operator has been given a notice under section 77B in respect of P, the relevant period does not include—
 - (a) any period for which the operator is jointly and severally liable for the amount mentioned in subsection (4) by virtue of section 77B, or
 - (b) if the operator secures the result mentioned in section 77B(3), the period beginning with the day on which the operator is given the notice and ending with the day on which the operator secures that result.
- (7) P is in breach of a Schedule 1A registration requirement if P is liable to be registered under Schedule 1A to this Act, but is not so registered.
- (8) In this section “online marketplace” and “operator”, in relation to an online marketplace, have the same meaning as in section 77B.]

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Textual Amendments

F350 S. 77BA inserted (15.3.2018) by [Finance Act 2018 \(c. 3\), s. 38\(5\)](#)

77C Joint and several liability under section 77B [^{F351}or 77BA]: assessments

- (1) The Commissioners may assess the amount of VAT due from the operator of an online marketplace by virtue of section 77B [^{F352}or 77BA] to the best of their judgment and notify it to the operator.
- (2) Subject to subsections (3) to (6), an assessment may be made for such period or periods as the Commissioners consider appropriate.
- (3) An assessment for any month may not be made after the end of—
 - (a) 2 years after the end of that month, or
 - (b) (if later) one year after evidence of facts, sufficient in the opinion of the Commissioners to justify the making of an assessment for that month, comes to their knowledge.
- (4) Subsection (5) applies if, after the Commissioners have made an assessment for a period, evidence of facts sufficient in the opinion of the Commissioners to justify the making of a further assessment for that period comes to their knowledge.
- (5) The Commissioners may, no later than one year after that evidence comes to their knowledge, make a further assessment for that period (subject to subsection (6)).
- (6) An assessment or further assessment for a month may not be made more than 4 years after the end of the month.
- (7) An amount which has been assessed and notified to a person under this section is deemed to be an amount of VAT due from the person and may be recovered accordingly (unless, or except to the extent that, the assessment is subsequently withdrawn or reduced).
- (8) Subsection (7) is subject to the provisions of this Act as to appeals.
- [^{F353}(9) In this section “online marketplace” and “operator”, in relation to an online marketplace, have the same meaning as in section 77B.]

Textual Amendments

F345 Ss. 77B-77D inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 124\(2\)](#)

F351 Words in s. 77C heading inserted (15.3.2018) by [Finance Act 2018 \(c. 3\), s. 38\(6\)\(a\)](#)

F352 Words in s. 77C(1) inserted (15.3.2018) by [Finance Act 2018 \(c. 3\), s. 38\(6\)\(b\)](#)

F353 S. 77C(9) substituted (15.3.2018) by [Finance Act 2018 \(c. 3\), s. 38\(6\)\(c\)](#)

77D Joint and several liability under section 77B [^{F354}or 77BA]: interest

- (1) If an amount assessed under section 77C is not paid before the end of the period of 30 days beginning with the day on which notice of the assessment is given, the amount assessed carries interest from the day on which the notice of assessment is given until payment.

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- (2) Interest under this section is payable at the rate applicable under section 197 of the Finance Act 1996.
- (3) Where the operator of an online marketplace is liable for interest under this section the Commissioners may assess the amount due and notify it to the operator.
- (4) A notice of assessment under this section must specify a date (not later than the date of the notice) to which the interest is calculated.
- (5) A further assessment or assessments may be made under this section in respect of any interest accrued after that date.
- (6) An amount of interest assessed and notified to the operator of an online marketplace under this section is recoverable as if it were VAT due from the operator (unless, or except to the extent that, the assessment is withdrawn or reduced).
- (7) Interest under this section is to be paid without any deduction of income tax.
- [^{F355}(8) In this section “online marketplace” and “operator”, in relation to an online marketplace, have the same meaning as in section 77B.]]

Textual Amendments

F345 Ss. 77B-77D inserted (15.9.2016) by [Finance Act 2016 \(c. 24\), s. 124\(2\)](#)

F354 Words in s. 77D heading inserted (15.3.2018) by [Finance Act 2018 \(c. 3\), s. 38\(7\)\(a\)](#)

F355 S. 77D(8) substituted (15.3.2018) by [Finance Act 2018 \(c. 3\), s. 38\(7\)\(b\)](#)

[^{F356}77E Display of VAT registration numbers

- (1) This section applies where a person (“P”) offers, or proposes to offer, goods for sale through an online marketplace.
- (2) The operator of the online marketplace must take reasonable steps to check that—
 - (a) any number provided to the operator (by P or another person) as P's VAT registration number is valid, and
 - (b) any number displayed on the online marketplace as P's VAT registration number (under subsection (3) or otherwise) is valid.
- (3) If a number is provided to the operator (by P or another person) as P's VAT registration number and the number is valid, the operator must secure that it is displayed on the online marketplace as P's VAT registration number no later than the time mentioned in subsection (4).
- (4) The time is—
 - (a) the end of the period of 10 days beginning with the day on which the operator is provided with the number, or
 - (b) if the number is provided before P offers goods for sale through the online marketplace, the later of—
 - (i) the end of the period in paragraph (a), and
 - (ii) the end of the day on which P first offers goods for sale through the online marketplace.

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- (5) If the operator becomes aware that a number displayed on the online marketplace as P's VAT registration number (under subsection (3) or otherwise) is not valid, the operator must secure that it is removed from the online marketplace before the end of the relevant period.
- (6) The relevant period is the period of 10 days beginning with the day on which the operator first became aware that the number was not valid.
- (7) A number is provided or displayed as P's VAT registration number only if it is provided or displayed in connection with P offering, or proposing to offer, goods for sale through the online marketplace.
- (8) A number provided or displayed as P's VAT registration number is valid only if—
 - (a) P is registered under this Act, and
 - (b) the number is P's VAT registration number.
- (9) In this section—

“online marketplace” and “operator”, in relation to an online marketplace, have the same meaning as in section 77B;

“VAT registration number” means the number allocated by the Commissioners to a person registered under this Act.]

Textual Amendments

F356 S. 77E inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), s. 38(8)

Interest, repayment supplements etc. payable by Commissioners

78 Interest in certain cases of official error.

- (1) Where, due to an error on the part of the Commissioners, a person has—
 - (a) accounted to them for an amount by way of output tax which was not output tax due from him [^{F357}and, as a result, they are liable under section 80(2A) to pay (or repay) an amount to him,] or
 - (b) failed to claim credit under section 25 for an amount for which he was entitled so to claim credit and which they are in consequence liable to pay to him, or
 - (c) (otherwise than in a case falling within paragraph (a) or (b) above) paid to them by way of VAT an amount that was not VAT due and which they are in consequence liable to repay to him, or
 - (d) suffered delay in receiving payment of an amount due to him from them in connection with VAT,

then, if and to the extent that they would not be liable to do so apart from this section, they shall pay interest to him on that amount for the applicable period, but subject to the following provisions of this section.

[^{F358}(1A) In subsection (1) above—

- (a) references to an amount which the Commissioners are liable in consequence of any matter to pay or repay to any person are references, where a claim for the payment or repayment has to be made, to only so much of that amount as is the subject of a claim that the Commissioners are required to satisfy or have satisfied; and

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- (b) the amounts referred to in paragraph (d) do not include any amount payable under this section.]
- (2) Nothing in subsection (1) above requires the Commissioners to pay interest—
 - (a) on any amount which falls to be increased by a supplement under section 79; or
 - (b) where an amount is increased under that section, on so much of the increased amount as represents the supplement.
- (3) Interest under this section shall be payable at [^{F359}the rate applicable under section 197 of the Finance Act 1996]. and the first such order may prescribe, for cases where interest runs from before the date on which that order is expressed to come into force, rates for periods ending before that date.
- (4) The “applicable period” in a case falling within subsection (1)(a) or (b) above is the period—
 - (a) beginning with the appropriate commencement date, and
 - (b) ending with the date on which the Commissioners authorise payment of the amount on which the interest is payable.
- (5) In subsection (4) above, the “appropriate commencement date”—
 - (a) in a case where an amount would have been due from the person by way of VAT in connection with the relevant return, had his input tax and output tax been as stated in that return, means the date on which the Commissioners received payment of that amount; and
 - (b) in a case where no such payment would have been due from him in connection with that return, means the date on which the Commissioners would, apart from the error, have authorised payment of the amount on which the interest is payable;and in this subsection “the relevant return” means the return in which the person accounted for, or (as the case may be) ought to have claimed credit for, the amount on which the interest is payable.
- (6) The “applicable period” in a case falling within subsection (1)(c) above is the period—
 - (a) beginning with the date on which the payment is received by the Commissioners, and
 - (b) ending with the date on which they authorise payment of the amount on which the interest is payable.
- (7) The “applicable period” in a case falling within subsection (1)(d) above is the period—
 - (a) beginning with the date on which, apart from the error, the Commissioners might reasonably have been expected to authorise payment of the amount on which the interest is payable, and
 - (b) ending with the date on which they in fact authorise payment of that amount.
- [^{F360}(8) In determining in accordance with subsection (4), (6) or (7) above the applicable period for the purposes of subsection (1) above, there shall be left out of account any period by which the Commissioners’ authorisation of the payment of interest is delayed by the conduct of the person who claims the interest.
- (8A) The reference in subsection (8) above to a period by which the Commissioners’ authorisation of the payment of interest is delayed by the conduct of the person who claims it includes, in particular, any period which is referable to—

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- (a) any unreasonable delay in the making of the claim for interest or in the making of any claim for the payment or repayment of the amount on which interest is claimed;
 - (b) any failure by that person or a person acting on his behalf or under his influence to provide the Commissioners—
 - (i) at or before the time of the making of a claim, or
 - (ii) subsequently in response to a request for information by the Commissioners,
 with all the information required by them to enable the existence and amount of the claimant's entitlement to a payment or repayment, and to interest on that payment or repayment, to be determined; and
 - (c) the making, as part of or in association with either—
 - (i) the claim for interest, or
 - (ii) any claim for the payment or repayment of the amount on which interest is claimed,
 of a claim to anything to which the claimant was not entitled.
- (9) In determining for the purposes of subsection (8A) above whether any period of delay is referable to a failure by any person to provide information in response to a request by the Commissioners, there shall be taken to be so referable, except so far as may be prescribed, any period which—
- (a) begins with the date on which the Commissioners require that person to provide information which they reasonably consider relevant to the matter to be determined; and
 - (b) ends with the earliest date on which it would be reasonable for the Commissioners to conclude—
 - (i) that they have received a complete answer to their request for information;
 - (ii) that they have received all that they need in answer to that request; or
 - (iii) that it is unnecessary for them to be provided with any information in answer to that request.]
- (10) The Commissioners shall only be liable to pay interest under this section on a claim made in writing for that purpose.
- [^{F361}(11) A claim under this section shall not be made more than [^{F362}4 years] after the end of the applicable period to which it relates.]
- (12) In this section—
- [^{F363}(a) references to the authorisation by the Commissioners of the payment of any amount include references to the discharge by way of set-off (whether under section 81(3) or otherwise) of the Commissioners' liability to pay that amount; and]
 - (b) any reference to a return is a reference to a return required to be made in accordance with paragraph 2 of Schedule 11.

Textual Amendments

F357 Words in s. 78(1)(a) substituted (with effect in accordance with s. 4(6) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), s. 4(2)

F358 S. 78(1A) inserted (retrospectively) by 1997 c. 16, s. 44(1)

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- F359** Words in s. 78(3) substituted (1.4.1997 with effect as mentioned in s. 197(7) of the amending Act) by 1996 c. 8, s. 197(6)(d)(ii)(7); S.I. 1997/1015, art. 2
- F360** S. 78(8)(8A)(9) substituted for s. 78(8)(9) (19.3.1997 with effect as mentioned in s. 44(5) of the amending Act) by 1997 c. 16, s. 44(4)(5)
- F361** S. 78(11) substituted (with effect retrospectively as mentioned in s. 44(2) of the amending Act) by 1997 c. 16, s. 44(2)
- F362** Words in s. 78(11) substituted (1.4.2009) by Finance Act 2008 (c. 9), s. 118(2), Sch. 39 para. 35; S.I. 2009/403, art. 2(1) (with art. 5)
- F363** S. 78(12)(a) substituted (with effect retrospectively as mentioned in s. 44(3) of the amending Act) by 1997 c. 16, s. 44(3)

Modifications etc. (not altering text)

- C29** S. 78 amended (with effect retrospectively as mentioned in s. 44(2)(6) of the amending Act) by 1997 c. 16, s. 44(2)(6)
- S. 78 power to amend (1.4.1997) by 1996 c. 8, s. 197(2)(c)(7); S.I. 1997/1015, art. 2

^{F364}**[78A Assessment for interest overpayments.**

- (1) Where—
- (a) any amount has been paid to any person by way of interest under section 78, but
- (b) that person was not entitled to that amount under that section,
- the Commissioners may, to the best of their judgement, assess the amount so paid to which that person was not entitled and notify it to him.
- (2) An assessment made under subsection (1) above shall not be made more than two years after the time when evidence of facts sufficient in the opinion of the Commissioners to justify the making of the assessment comes to the knowledge of the Commissioners.
- (3) Where an amount has been assessed and notified to any person under subsection (1) above, that amount shall be deemed (subject to the provisions of this Act as to appeals) to be an amount of VAT due from him and may be recovered accordingly.
- (4) Subsection (3) above does not have effect if or to the extent that the assessment in question has been withdrawn or reduced.
- (5) An assessment under subsection (1) above shall be a recovery assessment for the purposes of section 84(3A).
- (6) Sections 74 and 77(6) apply in relation to assessments under subsection (1) above as they apply in relation to assessments under section 73 but as if the reference in subsection (1) of section 74 to the reckonable date were a reference to the date on which the assessment is notified.
- (7) Where by virtue of subsection (6) above any person is liable to interest under section 74—
- (a) section 76 shall have effect in relation to that liability with the omission of subsections (2) to (6); and
- (b) section 77, except subsection (6), shall not apply to an assessment of the amount due by way of interest;
- and (without prejudice to the power to make assessments for interest for later periods) the interest to which any assessment made under section 76 by virtue of paragraph (a)

Status: Point in time view as at 28/01/2019.

Changes to legislation: Value Added Tax Act 1994 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

above may relate shall be confined to interest for a period of no more than two years ending with the time when the assessment to interest is made.

- (8) For the purposes of this section notification to a personal representative, trustee in bankruptcy, [^{F365}trustee in sequestration], receiver, liquidator or person otherwise acting in a representative capacity in relation to another shall be treated as notification to the person in relation to whom he so acts.]

Textual Amendments

F364 S. 78A inserted (retrospective to 4.12.1996 and with effect as mentioned in s. 45(4) of the amending Act) by 1997 c. 16, s. 45(1)(4)

F365 Words in s. 78A(8) substituted (30.11.2016) by The Bankruptcy (Scotland) Act 2016 (Consequential Provisions and Modifications) Order 2016 (S.I. 2016/1034), art. 1, Sch. 1 para. 12(5)

Modifications etc. (not altering text)

C30 S. 78A(2)-(4)(8) applied (1.4.2001) by S.I. 2001/759, reg. 4(3)

C31 S. 78A(2)-(8) applied (4.12.1996 as mentioned in s. 49(8)(9) of the amending Act) by 1997 c. 16, s. 49(4)(8)

79 Repayment supplement in respect of certain delayed payments or refunds.

(1) In any case where—

- (a) a person is entitled to a VAT credit, or
- (b) a body which is registered and to which section 33 applies is entitled to a refund under that section ^{F366}, or
- (c) a body which is registered and to which section 33A applies is entitled to a refund under that section, [^{F367}or
- (d) the proprietor of an Academy who is registered is entitled to a refund under section 33B,]^{F368}or
- (e) a charity which is registered is entitled to a refund under section 33C,]

and the conditions mentioned in subsection (2) below are satisfied, the amount which, apart from this section, would be due by way of that payment or refund shall be increased by the addition of a supplement equal to 5 per cent. of that amount or £50, whichever is the greater.

(2) The said conditions are—

- (a) that the requisite return or claim is received by the Commissioners not later than the last day on which it is required to be furnished or made, and
- (b) that a written instruction directing the making of the payment or refund is not issued by the Commissioners within [^{F369}the relevant period], and
- (c) that the amount shown on that return or claim as due by way of payment or refund does not exceed the payment or refund which was in fact due by more than 5 per cent. of that payment or refund or £250, whichever is the greater.

[^{F370}(2A) The relevant period in relation to a return or claim is the period of 30 days beginning with the later of—

- (a) the day after the last day of the prescribed accounting period to which the return or claim relates, and
- (b) the date of the receipt by the Commissioners of the return or claim.]

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- (3) Regulations may provide that, in computing the period of 30 days referred to in [F371 subsection (2A)] above, there shall be left out of account periods determined in accordance with the regulations and referable to—
- (a) the raising and answering of any reasonable inquiry relating to the requisite return or claim,
 - (b) the correction by the Commissioners of any errors or omissions in that return or claim, and
 - (c) in the case of a payment, the following matters, namely—
 - (i) any such continuing failure to submit returns as is referred to in section 25(5), and
 - (ii) compliance with any such condition as is referred to in paragraph 4(1) of Schedule 11.
- (4) In determining for the purposes of regulations under subsection (3) above whether any period is referable to the raising and answering of such an inquiry as is mentioned in that subsection, there shall be taken to be so referable any period which—
- (a) begins with the date on which the Commissioners first consider it necessary to make such an inquiry, and
 - (b) ends with the date on which the Commissioners—
 - (i) satisfy themselves that they have received a complete answer to the inquiry, or
 - (ii) determine not to make the inquiry or, if they have made it, not to pursue it further,
- but excluding so much of that period as may be prescribed; and it is immaterial whether any inquiry is in fact made or whether it is or might have been made of the person or body making the requisite return or claim or of an authorised person or of some other person.
- (5) Except for the purpose of determining the amount of the supplement—
- (a) a supplement paid to any person under subsection (1)(a) above shall be treated as an amount due to him by way of credit under section 25(3), and
 - (b) a supplement paid to any body under subsection (1)(b) above shall be treated as an amount due to it by way of refund under section 33^{F372}, and
 - (c) a supplement paid to any body under subsection (1)(c) shall be treated as an amount due to it by way of refund under section 33A^{F373}, and
 - (d) a supplement paid to the proprietor of an Academy under subsection (1)(d) shall be treated as an amount due to that proprietor by way of refund under section 33B^{F374}, and
 - (e) a supplement paid to a charity under subsection (1)(e) shall be treated as an amount due to the charity by way of refund under section 33C.]
- (6) In this section “requisite return or claim” means—
- (a) in relation to a payment, the return for the prescribed accounting period concerned which is required to be furnished in accordance with regulations under this Act, and
 - (b) in relation to a refund, the claim for that refund which is required to be made in accordance with the Commissioners’ determination under section 33^{F375} or (as the case may be) the Commissioners’ determination under, and the provisions of, section 33A^{F376}, 33B or 33C].

Status: Point in time view as at 28/01/2019.

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- (7) If the Treasury by order so direct, any period specified in the order shall be disregarded for the purpose of calculating the period of 30 days referred to in [F371 subsection (2A)] above.

Textual Amendments

- F366** S. 79(1)(c) and the preceding word “or” inserted (11.5.2001 for specified purposes otherwise 1.9.2001) by [2001 c. 9, s. 98\(5\)\(10\)\(11\)](#)
- F367** S. 79(1)(d) and word inserted (with effect in accordance with s. 76(5) of the amending Act) by [Finance Act 2011 \(c. 11\), s. 76\(2\)\(a\)](#)
- F368** S. 79(1)(e) and word inserted (with effect in accordance with s. 66(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 66\(2\)\(a\)](#)
- F369** Words in s. 79(2)(b) substituted (27.7.1999 with effect as mentioned in [s. 19\(5\)](#) of the amending Act) by [1999 c. 16, s. 19\(2\)](#)
- F370** S. 79(2A) inserted (27.7.1999 with effect as mentioned in [s. 19\(5\)](#) of the amending Act) by [1999 c. 16, s. 19\(3\)](#)
- F371** Words in s. 79(3)(7) substituted (27.7.1999 with effect as mentioned in [s. 19\(5\)](#) of the amending Act) by [1999 c. 16, s. 19\(4\)](#)
- F372** S. 79(5)(c) and the preceding word “and” inserted (11.5.2001 for specified purposes otherwise 1.9.2001) by [2001 c. 9, s. 98\(6\)\(10\)\(11\)](#)
- F373** S. 79(5)(d) and word inserted (with effect in accordance with s. 76(5) of the amending Act) by [Finance Act 2011 \(c. 11\), s. 76\(2\)\(b\)](#)
- F374** S. 79(5)(e) and word inserted (with effect in accordance with s. 66(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 66\(2\)\(b\)](#)
- F375** Words in s. 79(6)(b) inserted (11.5.2001 for specified purposes otherwise 1.9.2001) by [2001 c. 9, s. 98\(7\)\(10\)\(11\)](#)
- F376** Words in s. 79(6)(b) substituted (with effect in accordance with s. 66(5) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 66\(2\)\(c\)](#)

80 [F377 Credit for, or repayment of, overstated or overpaid VAT]

[F378(1) Where a person—

- (a) has accounted to the Commissioners for VAT for a prescribed accounting period (whenever ended), and
- (b) in doing so, has brought into account as output tax an amount that was not output tax due,

the Commissioners shall be liable to credit the person with that amount.

(1A) Where the Commissioners—

- (a) have assessed a person to VAT for a prescribed accounting period (whenever ended), and
- (b) in doing so, have brought into account as output tax an amount that was not output tax due,

they shall be liable to credit the person with that amount.

(1B) Where a person has for a prescribed accounting period (whenever ended) paid to the Commissioners an amount by way of VAT that was not VAT due to them, otherwise than as a result of—

- (a) an amount that was not output tax due being brought into account as output tax, or

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- (b) an amount of input tax allowable under section 26 not being brought into account,
the Commissioners shall be liable to repay to that person the amount so paid.]
- (2) The Commissioners shall only be liable to [^{F379}credit or] repay an amount under this section on a claim being made for the purpose.
- [^{F380}(2A) Where—
- (a) as a result of a claim under this section by virtue of subsection (1) or (1A) above an amount falls to be credited to a person, and
- (b) after setting any sums against it under or by virtue of this Act, some or all of that amount remains to his credit,
- the Commissioners shall be liable to pay (or repay) to him so much of that amount as so remains.]
- (3) It shall be a defence, in relation to a claim [^{F381}under this section by virtue of subsection (1) or (1A) above, that the crediting] of an amount would unjustly enrich the claimant.
- [^{F382}(3A) Subsection (3B) below applies for the purposes of subsection (3) above where—
- (a) an amount would (apart from subsection (3) above) fall to be credited under subsection (1) or (1A) above to any person (“the taxpayer”), and
- (b) the whole or a part of the amount brought into account as mentioned in paragraph (b) of that subsection has, for practical purposes, been borne by a person other than the taxpayer.]
- (3B) Where, in a case to which this subsection applies, loss or damage has been or may be incurred by the taxpayer as a result of mistaken assumptions made in his case about the operation of any VAT provisions, that loss or damage shall be disregarded, except to the extent of the quantified amount, in the making of any determination—
- (a) of whether or to what extent the [^{F383}crediting] of an amount to the taxpayer would enrich him; or
- (b) of whether or to what extent any enrichment of the taxpayer would be unjust.
- (3C) In subsection (3B) above—
- “the quantified amount” means the amount (if any) which is shown by the taxpayer to constitute the amount that would appropriately compensate him for loss or damage shown by him to have resulted, for any business carried on by him, from the making of the mistaken assumptions; and
- “VAT provisions” means the provisions of—
- (a) any enactment, subordinate legislation or [^{F47}EU] legislation (whether or not still in force) which relates to VAT or to any matter connected with VAT; or
- (b) any notice published by the Commissioners under or for the purposes of any such enactment or subordinate legislation.
- [^{F384}(4) The Commissioners shall not be liable on a claim under this section—
- (a) to credit an amount to a person under subsection (1) or (1A) above, or
- (b) to repay an amount to a person under subsection (1B) above,
- if the claim is made more than [^{F385}4 years] after the relevant date.
- (4ZA) The relevant date is—

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- (a) in the case of a claim by virtue of subsection (1) above, the end of the prescribed accounting period mentioned in that subsection, unless paragraph (b) below applies;
- (b) in the case of a claim by virtue of subsection (1) above in respect of an erroneous voluntary disclosure, the end of the prescribed accounting period in which the disclosure was made;
- (c) in the case of a claim by virtue of subsection (1A) above in respect of an assessment issued on the basis of an erroneous voluntary disclosure, the end of the prescribed accounting period in which the disclosure was made;
- (d) in the case of a claim by virtue of subsection (1A) above in any other case, the end of the prescribed accounting period in which the assessment was made;
- (e) in the case of a claim by virtue of subsection (1B) above, the date on which the payment was made.

In the case of a person who has ceased to be registered under this Act, any reference in paragraphs (b) to (d) above to a prescribed accounting period includes a reference to a period that would have been a prescribed accounting period had the person continued to be registered under this Act.

(4ZB) For the purposes of this section the cases where there is an erroneous voluntary disclosure are those cases where—

- (a) a person discloses to the Commissioners that he has not brought into account for a prescribed accounting period (whenever ended) an amount of output tax due for the period;
- (b) the disclosure is made in a later prescribed accounting period (whenever ended); and
- (c) some or all of the amount is not output tax due.]

[^{F386}(4A) Where—

- (a) an amount has been credited under subsection (1) or (1A) above to any person at any time on or after 26th May 2005, and
- (b) the amount so credited exceeded the amount which the Commissioners were liable at that time to credit to that person,

the Commissioners may, to the best of their judgement, assess the excess credited to that person and notify it to him.]

[^{F387}(4AA) An assessment under subsection (4A) shall not be made more than 2 years after the later of—

- (a) the end of the prescribed accounting period in which the amount was credited to the person, and
- (b) the time when evidence of facts sufficient in the opinion of the Commissioners to justify the making of the assessment comes to the knowledge of the Commissioners.]

(4C) Subsections [^{F388}(3)] to (8) of section 78A apply in the case of an assessment under subsection (4A) above as they apply in the case of an assessment under section 78A(1).

- (6) A claim under this section shall be made in such form and manner and shall be supported by such documentary evidence as the Commissioners prescribe by regulations; and regulations under this subsection may make different provision for different cases.

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[^{F389}(7) Except as provided by this section [^{F390}(and paragraph 16I of Schedule 3B and paragraph 29 of Schedule 3BA)], the Commissioners shall not be liable to credit or repay any amount accounted for or paid to them by way of VAT that was not VAT due to them.]

Textual Amendments

- F47** Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))
- F377** S. 80 side-note substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 3(11)
- F378** S. 80(1)-(1B) substituted for s. 80(1) (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 3(2)
- F379** Words in s. 80(2) inserted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 3(3)
- F380** S. 80(2A) inserted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 3(4)
- F381** Words in s. 80(3) substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 3(5)
- F382** S. 80(3A) substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 3(6)
- F383** Word in s. 80(3B)(a) substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 3(7)
- F384** S. 80(4)(4ZA)(4ZB) substituted for s. 80(4) (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 3(8)
- F385** Words in s. 80(4) substituted (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 118(2), [Sch. 39 para. 36](#); [S.I. 2009/403](#), art. 2(1) (with art. 6)
- F386** S. 80(4A) substituted for s. 80(4A)(4B) (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 3(9)
- F387** S. 80(4AA) inserted (retrospective to 19.3.2008) by [Finance Act 2008 \(c. 9\)](#), s. 120(3)(5)
- F388** Word in s. 80(4C) substituted (retrospective to 19.3.2008) by [Finance Act 2008 \(c. 9\)](#), s. 120(4)(5)
- F389** S. 80(7) substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), s. 3(10)
- F390** Words in s. 80(7) inserted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 22 para. 16](#)

Modifications etc. (not altering text)

- C32** S. 80(4) modified (retrospective to 19.3.2008) by [Finance Act 2008 \(c. 9\)](#), s. 121(1)(4)

[^{F391}80A Arrangements for reimbursing customers.

- (1) The Commissioners may by regulations make provision for reimbursement arrangements made by any person to be disregarded for the purposes of section 80(3) except where the arrangements—
- contain such provision as may be required by the regulations; and
 - are supported by such undertakings to comply with the provisions of the arrangements as may be required by the regulations to be given to the Commissioners.
- (2) In this section “ reimbursement arrangements ” means any arrangements for the purposes of a claim under section 80 which—

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- (a) are made by any person for the purpose of securing that he is not unjustly enriched by the [^{F392}crediting] of any amount in pursuance of the claim; and
 - (b) provide for the reimbursement of persons who have for practical purposes borne the whole or any part of [^{F393}the amount brought into account as mentioned in paragraph (b) of subsection (1) or (1A) of that section] .
- (3) Without prejudice to the generality of subsection (1) above, the provision that may be required by regulations under this section to be contained in reimbursement arrangements includes—
- (a) provision requiring a reimbursement for which the arrangements provide to be made within such period after the [^{F394}crediting of the amount] to which it relates as may be specified in the regulations;
 - [^{F395}(b) provision for cases where an amount is credited but an equal amount is not reimbursed in accordance with the arrangements;]
 - (c) provision requiring interest paid by the Commissioners on any amount [^{F396}paid (or repaid)] by them to be treated in the same way as that amount for the purposes of any requirement under the arrangements to make reimbursement or to repay the Commissioners;
 - (d) provision requiring such records relating to the carrying out of the arrangements as may be described in the regulations to be kept and produced to the Commissioners, or to an officer of theirs.
- (4) Regulations under this section may impose obligations on such persons as may be specified in the regulations—
- (a) [^{F397}to make the repayments, or give the notifications, to the Commissioners that they are required to make or give] in pursuance of any provisions contained in any reimbursement arrangements by virtue of subsection (3)(b) or (c) above;
 - (b) to comply with any requirements contained in any such arrangements by virtue of subsection (3)(d) above.
- (5) Regulations under this section may make provision for the form and manner in which, and the times at which, undertakings are to be given to the Commissioners in accordance with the regulations; and any such provision may allow for those matters to be determined by the Commissioners in accordance with the regulations.
- (6) Regulations under this section may—
- (a) contain any such incidental, supplementary, consequential or transitional provision as appears to the Commissioners to be necessary or expedient; and
 - (b) make different provision for different circumstances.
- (7) Regulations under this section may have effect (irrespective of when the claim for [^{F398}credit] was made) for the purposes of [^{F399}the crediting of any amount] by the Commissioners after the time when the regulations are made; and, accordingly, such regulations may apply to arrangements made before that time.]

Textual Amendments

F391 Ss. 80A, 80B inserted (19.3.1997) by 1997 c. 16, s. 46(2)

F392 Word in s. 80A(2)(a) substituted (with effect in accordance with s. 4(6) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), s. 4(3)(a)

F393 Words in s. 80A(2)(b) substituted (with effect in accordance with s. 4(6) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), s. 4(3)(b)

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- F394** Words in s. 80A(3)(a) substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 4\(3\)\(c\)](#)
- F395** S. 80A(3)(b) substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 4\(3\)\(d\)](#)
- F396** Words in s. 80A(3)(c) substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 4\(3\)\(e\)](#)
- F397** Words in s. 80A(4)(a) substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 4\(3\)\(f\)](#)
- F398** Word in s. 80A(7) substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 4\(3\)\(g\)\(i\)](#)
- F399** Words in s. 80A(7) substituted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\), s. 4\(3\)\(g\)\(ii\)](#)

[^{F400}80B Assessments of amounts due under section 80A arrangements.

- (1) Where any person is liable to pay any amount to the Commissioners in pursuance of an obligation imposed by virtue of section 80A(4)(a), the Commissioners may, to the best of their judgement, assess the amount due from that person and notify it to him.

[Where—

- ^{F401}(1A) (a) an amount (“the gross credit”) has been credited to any person under subsection (1) or (1A) of section 80,
(b) any sums were set against that amount, in accordance with subsection (2A) of that section, and
(c) the amount reimbursed in accordance with the reimbursement arrangements was less than the gross credit,
subsection (1B) below applies.

(1B) In any such case—

- (a) the person shall cease to be entitled to so much of the gross credit as exceeds the amount so reimbursed, and
(b) the Commissioners may, to the best of their judgement, assess the amount due from that person and notify it to him,

but an amount shall not be assessed under this subsection to the extent that the person is liable to pay it to the Commissioners as mentioned in subsection (1) above.

(1C) In determining the amount that a person is liable to pay as mentioned in subsection (1) above, any amount reimbursed in accordance with the reimbursement arrangements shall be regarded as first reducing so far as possible the amount that he would have been liable so to pay, but for the reimbursement of that amount.

(1D) For the purposes of this section, nil is an amount.

(1E) Any reference in any other provision of this Act to an assessment under subsection (1) above includes, if the context so admits, a reference to an assessment under subsection (1B) above.]

- (2) Subsections (2) to (8) of section 78A apply in the case of an assessment under subsection (1) above as they apply in the case of an assessment under section 78A(1).]

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Textual Amendments

F400 Ss. 80A, 80B inserted (19.3.1997) by 1997 c. 16, s. 46(2)

F401 Ss. 80B(1A)-(1E) inserted (with effect in accordance with s. 4(6) of the amending Act) by Finance (No. 2) Act 2005 (c. 22), s. 4(4)

81 Interest given by way of credit and set-off of credits.

- (1) Any interest payable by the Commissioners (whether under an enactment or instrument or otherwise) to a person on a sum due to him under or by virtue of any provision of this Act shall be treated as an amount due by way of credit under section 25(3).
- (2) Subsection (1) above shall be disregarded for the purpose of determining a person's entitlement to interest or the amount of interest to which he is entitled.
- (3) Subject to subsection (1) above, in any case where—
 - (a) an amount is due from the Commissioners to any person under any provision of this Act, and
 - (b) that person is liable to pay a sum by way of VAT, penalty, interest or surcharge, the amount referred to in paragraph (a) above shall be set against the sum referred to in paragraph (b) above and, accordingly, to the extent of the set-off, the obligations of the Commissioners and the person concerned shall be discharged.

[^{F402}(3A) Where—

- (a) the Commissioners are liable to pay or repay any amount to any person under this Act,
- (b) that amount falls to be paid or repaid in consequence of a mistake previously made about whether or to what extent amounts were payable under this Act to or by that person, and
- (c) by reason of that mistake a liability of that person to pay a sum by way of VAT, penalty, interest or surcharge was not assessed, was not enforced or was not satisfied,

any limitation on the time within which the Commissioners are entitled to take steps for recovering that sum shall be disregarded in determining whether that sum is required by subsection (3) above to be set against the amount mentioned in paragraph (a) above.]

[^{F403}(4A) Subsection (3) above shall not require any such amount as is mentioned in paragraph (a) of that subsection (“the credit”) to be set against any such sum as is mentioned in paragraph (b) of that subsection (“the debit”) in any case where—

- (a) an insolvency procedure has been applied to the person entitled to the credit;
- (b) the credit became due after that procedure was so applied; and
- (c) the liability to pay the debit either arose before that procedure was so applied or (having arisen afterwards) relates to, or to matters occurring in the course of, the carrying on of any business at times before the procedure was so applied.

(4B) Subject to subsection (4C) below, the following are the times when an insolvency procedure is to be taken, for the purposes of this section, to be applied to any person, that is to say—

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- [^{F404}(a) when a bankruptcy order or winding-up order or award of sequestration is made or an administrator is appointed in relation to that person;]
- (b) when that person is put into administrative receivership;
- (c) when that person, being a corporation, passes a resolution for voluntary winding up;
- (d) when any voluntary arrangement approved in accordance with Part I or VIII of the Insolvency Act 1986, or Part II or Chapter II of Part VIII of the ^{M21} Insolvency (Northern Ireland) Order 1989, comes into force in relation to that person;
- (e) when a deed of arrangement registered in accordance with ^{F405}... Chapter I of Part VIII of that Order of 1989 takes effect in relation to that person;
- (f) when that person’s estate becomes vested in any other person as that person’s trustee under a trust deed.
- [^{F406}(4C) In this section, references to the application of an insolvency procedure to a person do not include—
- (a) the application of an insolvency procedure to a person at a time when another insolvency procedure applies to the person, or
- (b) the application of an insolvency procedure to a person immediately upon another insolvency procedure ceasing to have effect.]
- (4D) For the purposes of this section a person shall be regarded as being in administrative receivership throughout any continuous period for which (disregarding any temporary vacancy in the office of receiver) there is an administrative receiver of that person, and the reference in subsection (4B) above to a person being put into administrative receivership shall be construed accordingly.]
- (5) In [^{F407}this section]—
- ^{F408}(a)
- (b) “administrative receiver” means an administrative receiver within the meaning of section 251 of [^{F409}the Insolvency Act 1986] or Article 5(1) of [^{F410}the Insolvency (Northern Ireland) Order 1989];
- [^{F411}(ba) “administrator” means a person appointed to manage the affairs, business and property of another person under Schedule B1 to that Act or to that Order;] and
- (c) “trust deed” has the same meaning as in the ^{M22}Bankruptcy (Scotland) Act [^{F412}2016].

Textual Amendments

- F402** S. 81(3A) inserted (retrospective to 18.7.1996 with effect as mentioned in s. 48(2) of the amending Act) by 1997 c. 16, s. 48(1)(2)
- F403** S. 81(4A)-(4D) substituted for s. 81(4) (1.5.1995 with effect as mentioned in s. 27(4) of the amending Act) by 1995 c. 4, s. 27(2)
- F404** S. 81(4B)(a) substituted (15.9.2003) by Enterprise Act 2002 (Insolvency) Order 2003 (S.I. 2003/2096), art. 1(1), Sch. para. 26(a) (with art. 6)
- F405** Words in s. 81(4B)(e) omitted (1.10.2015) by virtue of Deregulation Act 2015 (c. 20), s. 115(7), Sch. 6 para. 2(13) (with Sch. 6 para. 3); S.I. 2015/1732, art. 2(e)(i)
- F406** S. 81(4C) substituted (21.7.2008) by Finance Act 2008 (c. 9), s. 132(2)
- F407** Words in s. 81(5) substituted (1.5.1995 with effect as mentioned in s. 27(4) of the amending Act) by 1995 c. 4, s. 27(3)
- F408** S. 81(5)(a) omitted (21.7.2008) by virtue of Finance Act 2008 (c. 9), s. 132(3)(a)
- F409** Words in s. 81(5)(b) substituted (21.7.2008) by Finance Act 2008 (c. 9), s. 132(3)(b)(i)

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- F410** Words in s. 81(5)(b) substituted (21.7.2008) by Finance Act 2008 (c. 9), s. 132(3)(b)(ii)
F411 S. 81(5)(ba) inserted (21.7.2008) by Finance Act 2008 (c. 9), s. 132(3)(c)
F412 Word in s. 81(5)(c) substituted (30.11.2016) by The Bankruptcy (Scotland) Act 2016 (Consequential Provisions and Modifications) Order 2016 (S.I. 2016/1034), art. 1, Sch. 1 para. 12(6)

Marginal Citations

- M21** 1986 c. 45.
M22 1985 c. 66.

PART V

[^{F413}REVIEWS AND APPEALS]

Textual Amendments

- F413** Pt. V heading substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 217

Modifications etc. (not altering text)

- C33** Pt. V applied (with modifications) (15.12.2007) by The Money Laundering Regulations 2007 (S.I. 2007/2157), regs. 1(1), 44(3), Sch. 5 para. 1
C34 Pt. V applied (with modifications) (15.12.2007) by The Transfer of Funds (Information on the Payer) Regulations 2007 (S.I. 2007/3298), regs. 1(1), 13(4), Sch. 2 para. 2
C35 Pt. V applied (with modifications) by S.I. 2007/2157, reg. 43(3) (as substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 2 para. 172(4))
C36 Pt. V modified by S.I. 2007/2157, Sch. 5 para. 1 (as substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 2 para. 175)
C37 Pt. V modified by S.I. 2007/3298, Sch. 2 para. 2 (as substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 2 para. 181)
C38 Pt. V applied (with modifications) by S.I. 2007/3298, reg. 12(2) (as substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 2 para. 178(4))
C39 Pt. V applied (with modifications) (26.6.2017) by The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (S.I. 2017/692), regs. 1(2), 99(2)(3) (with regs. 8, 15)

[^{F414}82 Meaning of “tribunal”

In this Act “tribunal” means the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal.]

Textual Amendments

- F414** S. 82 substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 218

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83 Appeals.

- [^{F415}(1)] Subject to [^{F416}sections 83G and 84], an appeal shall lie to [^{F417}the tribunal] with respect to any of the following matters—
- (a) the registration or cancellation of registration of any person under this Act;
 - (b) the VAT chargeable on the supply of any goods or services, on the acquisition of goods from another member State or, subject to section 84(9), on the importation of goods from a place outside the member States;
 - (c) the amount of any input tax which may be credited to a person;
 - (d) any claim for a refund under any regulations made by virtue of section 13(5);
 - [^{F418}(da) a decision of the Commissioners under section 18A—
 - (i) as to whether or not a person is to be approved as a fiscal warehousekeeper or the conditions from time to time subject to which he is so approved;
 - (ii) for the withdrawal of any such approval; or
 - (iii) for the withdrawal of fiscal warehouse status from any premises;]
 - (e) the proportion of input tax allowable under section 26;
 - (f) a claim by a taxable person under section 27;
 - [^{F419}(fza) a decision of the Commissioners—
 - (i) refusing or withdrawing authorisation for a person's liability to pay VAT (or entitlement to credit for VAT) to be determined as mentioned in subsection (1) of section 26B;
 - (ii) as to the appropriate percentage or percentages (within the meaning of that section) applicable in a person's case.]
 - [^{F420}(fa) a decision contained in a notification under paragraph (4) of article 12A of the Value Added Tax (Payments on Account) Order 1993 that an election under paragraph (1) of that article shall cease to have effect;]
 - (g) the amount of any refunds under section 35;
 - (h) a claim for a refund under section 36 or section 22 of the 1983 Act;
 - [^{F421}(ha) any decision of the Commissioners to refuse to make a repayment under a scheme under section 39;]
 - (j) the amount of any refunds under section 40;
 - [^{F422}(k) the refusal of an application such as is mentioned in section 43B(1) or (2);
 - (ka) the giving of a notice under section 43C(1) or (3);]
 - (l) the requirement of any security under section 48(7) or [^{F423}paragraph 4(1A) or (2)] of Schedule 11;
 - (m) any refusal or cancellation of certification under section 54 or any refusal to cancel such certification;
 - (n) any liability to a penalty or surcharge by virtue of any of sections [^{F424}59 to [^{F425}69B]];
 - [^{F426}(na) any liability to a penalty under section 69C, any assessment of a penalty under that section or the amount of such an assessment;
 - (nb) the giving of a decision notice under section 69D or the portion of a penalty assessed under section 69C which is specified in such a notice;]
 - (o) a decision of the Commissioners under section 61 (in accordance with section 61(5));
 - (p) an assessment—

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- (i) under section 73(1) or (2) in respect of a period for which the appellant has made a return under this Act; or
 - (ii) under [^{F427}subsections (7), (7A) or (7B)] of that section; or
 - (iii) under section 75;
- or the amount of such an assessment;
- (q) the amount of any penalty, interest or surcharge specified in an assessment under section 76;
 - (r) the making of an assessment on the basis set out in section 77(4);
 - [^{F428}(ra) any liability arising by virtue of section 77A;]
 - [^{F429}(rb) an assessment under section 77C or the amount of such an assessment;]
 - (s) any liability of the Commissioners to pay interest under section 78 or the amount of interest so payable;
 - [^{F430}(sa) an assessment under section 78A(1) or the amount of such an assessment]
 - (t) a claim for the [^{F431}crediting or] repayment of an amount under section 80 [^{F432}an assessment under subsection (4A) of that section or the amount of such an assessment];
 - [^{F433}(ta) an assessment under section 80B(1) [^{F434}or (1B)] or the amount of such an assessment]
 - (u) any direction or supplementary direction made under paragraph 2 of Schedule 1;
 - (v) any direction under paragraph 1 [^{F435}, 1A][^{F436}, 2 or 8A] of Schedule 6 or under paragraph 2 of Schedule 4 to the 1983 Act;
 - (w) any direction under paragraph 1 of Schedule 7;
 - [^{F437}(wa) any direction or assessment under Schedule 9A;]
 - [^{F438}(wb) any refusal of the Commissioners to grant any permission under, or otherwise to exercise in favour of a particular person any power conferred by, any provision of Part 1 of Schedule 10;]
 - (x) any refusal to permit the value of supplies to be determined by a method described in a notice published under paragraph 2(6) of Schedule 11;
 - (y) any refusal of authorisation or termination of authorisation in connection with the scheme made under paragraph 2(7) of Schedule 11;
 - [^{F439}(z) any conditions imposed by the Commissioners in a particular case by virtue of paragraph 2B(2)(c) or 3(1) of Schedule 11.]
 - [^{F440}(zza) a direction under paragraph 6A of Schedule 11;]
 - [^{F441}(zz)
 - [^{F442}(za) a direction under paragraph 8 of Schedule 11A,
 - (zb) any liability to a penalty under paragraph 10(1) of Schedule 11A, any assessment under paragraph 12(1) of that Schedule or the amount of such an assessment;]
 - [^{F443}(zc) a decision of the Commissioners about the application of any provision of regulations under paragraph 2 or 6 of Schedule 11, or of regulations under section 135 or 136 of the Finance Act 2002 relating to VAT, which—
 - (i) requires returns to be made or information to be submitted by electronic communications, or
 - (ii) requires records to be kept or preserved in electronic form,
 (including in particular a decision as to whether such a requirement applies and a decision to impose a penalty).]

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[^{F444}(2) In the following provisions of this Part, a reference to a decision with respect to which an appeal under this section lies, or has been made, includes any matter listed in subsection (1) whether or not described there as a decision.]

Textual Amendments

- F415** S. 83 renumbered as s. 83(1) (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 219(2)**
- F416** Words in s. 83(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 219(3)**
- F417** Words in s. 83(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 219(4)**
- F418** S. 83(da) inserted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by [1996 c. 8](#), ss. 25, 26, **Sch. 3 para. 12**; [S.I. 1996/1249](#), **art. 2**
- F419** S. 83(fza) inserted (retrospective to 24.4.2002) by [Finance Act 2002 \(c. 23\)](#), **s. 23(2)(4)**
- F420** S. 83(fa) inserted (1.12.1997) by [S.I. 1997/2542](#), **art 2**
- F421** S. 83(1)(ha) inserted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), **s. 77(4)**
- F422** S. 83(k)(ka) substituted (27.7.1999) for s. 83(k) by [1999 c. 16](#), s. 16, **Sch. 2 para. 3**
- F423** Words in s. 83(l) substituted (retrospective to 10.4.2003) by [Finance Act 2003 \(c. 14\)](#), **s. 17(6)(8)**
- F424** Words in s. 83(n) substituted (28.7.2000) by [2000 c. 17](#), **s. 137(5)**
- F425** Word in s. 83(n) substituted (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), **s. 21(4)(a)**
- F426** [S. 83\(1\)\(na\)\(nb\)](#) inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **s. 68(5)**
- F427** Words in s. 83(p)(ii) substituted (1.6.1996 with application to any acquisition of goods from another member State and any supply taking place on or after that day) by [1996 c. 8](#), ss. 25, 26, **Sch. 3 para. 12**; [S.I. 1996/1249](#), **art. 2**
- F428** S. 83(ra) inserted (retrospective to 10.4.2003) by [Finance Act 2003 \(c. 14\)](#), **s. 18(2)(4)**
- F429** S. 83(1)(rb) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), **s. 124(3)**
- F430** S. 83(sa) inserted (retrospective to 4.12.1996) by [1997 c. 16](#), **s. 45(2)(5)**
- F431** Words in s. 83(t) inserted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **s. 4(5)(a)**
- F432** Words in s. 83(t) inserted (retrospective to 4.12.1996) by [1997 c. 16](#), **s. 47(7)(9)**
- F433** S. 83(ta) inserted (19.3.1997) by [1997 c. 16](#), **s. 46(3)**
- F434** Words in s. 83(ta) inserted (with effect in accordance with s. 4(6) of the amending Act) by [Finance \(No. 2\) Act 2005 \(c. 22\)](#), **s. 4(5)(b)**
- F435** Words in s. 83(v) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), **s. 22(3)**
- F436** Words in s. 83(1)(v) substituted (with effect in accordance with s. 200(8) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **s. 200(3)**
- F437** S. 83(wa) inserted (29.4.1996) by [1996 c. 8](#), **s. 31(3)**
- F438** S. 83(wb) inserted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Value Added Tax \(Buildings and Land\) Order 2008 \(S.I. 2008/1146\)](#), arts. 1(1), **3(2)** (with Sch. 2)
- F439** S. 83(z) substituted (1.12.2003) by [Finance Act 2002 \(c. 23\)](#), **s. 24(4)(b)(5)**; [S.I. 2003/3043](#), art. 2
- F440** S. 83(zza) inserted (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), **s. 21(4)(b)**
- F441** S. 83(zz) omitted (15.12.2007) by virtue of [The Money Laundering Regulations 2007 \(S.I. 2007/2157\)](#), **reg. 1(1)**, **Sch. 6 para. 1**
- F442** S. 83(za)(zb) inserted (22.7.2004 for specified purposes, 1.8.2004 in so far as not already in force) by [Finance Act 2004 \(c. 12\)](#), s. 19(2), **Sch. 2 para. 4**; [S.I. 2004/1934](#), art. 2
- F443** S. 83(1)(zc) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **s. 62(5)**
- F444** S. 83(2) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 219(5)**

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Modifications etc. (not altering text)

C40 S. 83(c) modified (20.10.1995) by [S.I. 1995/2518](#), [regs. 182, 195](#)

[^{F445}83A Offer of review

- (1) HMRC must offer a person (P) a review of a decision that has been notified to P if an appeal lies under section 83 in respect of the decision.
- (2) The offer of the review must be made by notice given to P at the same time as the decision is notified to P.
- (3) This section does not apply to the notification of the conclusions of a review.

Textual Amendments

F445 Ss. 83A-83G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 220](#)

83B Right to require review

- (1) Any person (other than P) who has the right of appeal under section 83 against a decision may require HMRC to review that decision if that person has not appealed to the tribunal under section 83G.
- (2) A notification that such a person requires a review must be made within 30 days of that person becoming aware of the decision.

Textual Amendments

F445 Ss. 83A-83G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 220](#)

83C Review by HMRC

- (1) HMRC must review a decision if—
 - (a) they have offered a review of the decision under section 83A, and
 - (b) P notifies HMRC accepting the offer within 30 days from the date of the document containing the notification of the offer.
- (2) But P may not notify acceptance of the offer if P has already appealed to the tribunal under section 83G.
- (3) HMRC must review a decision if a person other than P notifies them under section 83B.
- (4) HMRC shall not review a decision if P, or another person, has appealed to the tribunal under section 83G in respect of the decision.

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Textual Amendments

F445 Ss. 83A-83G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 220**

83D Extensions of time

- (1) If under section 83A HMRC have offered P a review of a decision, HMRC may within the relevant period notify P that the relevant period is extended.
- (2) If under section 83B another person may require HMRC to review a matter, HMRC may within the relevant period notify the other person that the relevant period is extended.
- (3) If notice is given the relevant period is extended to the end of 30 days from—
 - (a) the date of the notice, or
 - (b) any other date set out in the notice or a further notice.
- (4) In this section “relevant period” means—
 - (a) the period of 30 days referred to in—
 - (i) section 83C(1)(b) (in a case falling within subsection (1)), or
 - (ii) section 83B(2) (in a case falling within subsection (2)), or
 - (b) if notice has been given under subsection (1) or (2), that period as extended (or as most recently extended) in accordance with subsection (3).

Textual Amendments

F445 Ss. 83A-83G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 220**

83E Review out of time

- (1) This section applies if—
 - (a) HMRC have offered a review of a decision under section 83A and P does not accept the offer within the time allowed under section 83C(1)(b) or 83D(3); or
 - (b) a person who requires a review under section 83B does not notify HMRC within the time allowed under that section or section 83D(3).
- (2) HMRC must review the decision under section 83C if—
 - (a) after the time allowed, P, or the other person, notifies HMRC in writing requesting a review out of time,
 - (b) HMRC are satisfied that P, or the other person, had a reasonable excuse for not accepting the offer or requiring review within the time allowed, and
 - (c) HMRC are satisfied that P, or the other person, made the request without unreasonable delay after the excuse had ceased to apply.
- (3) HMRC shall not review a decision if P, or another person, has appealed to the tribunal under section 83G in respect of the decision.

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Textual Amendments

F445 Ss. 83A-83G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 220**

83F Nature of review etc

- (1) This section applies if HMRC are required to undertake a review under section 83C or 83E.
- (2) The nature and extent of the review are to be such as appear appropriate to HMRC in the circumstances.
- (3) For the purpose of subsection (2), HMRC must, in particular, have regard to steps taken before the beginning of the review—
 - (a) by HMRC in reaching the decision, and
 - (b) by any person in seeking to resolve disagreement about the decision.
- (4) The review must take account of any representations made by P, or the other person, at a stage which gives HMRC a reasonable opportunity to consider them.
- (5) The review may conclude that the decision is to be—
 - (a) upheld,
 - (b) varied, or
 - (c) cancelled.
- (6) HMRC must give P, or the other person, notice of the conclusions of the review and their reasoning within—
 - (a) a period of 45 days beginning with the relevant date, or
 - (b) such other period as HMRC and P, or the other person, may agree.
- (7) In subsection (6) “relevant date” means—
 - (a) the date HMRC received P’s notification accepting the offer of a review (in a case falling within section 83A), or
 - (b) the date HMRC received notification from another person requiring review (in a case falling within section 83B), or
 - (c) the date on which HMRC decided to undertake the review (in a case falling within section 83E).
- (8) Where HMRC are required to undertake a review but do not give notice of the conclusions within the time period specified in subsection (6), the review is to be treated as having concluded that the decision is upheld.
- (9) If subsection (8) applies, HMRC must notify P or the other person of the conclusion which the review is treated as having reached.

Textual Amendments

F445 Ss. 83A-83G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 220**

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83G Bringing of appeals

- (1) An appeal under section 83 is to be made to the tribunal before—
 - (a) the end of the period of 30 days beginning with—
 - (i) in a case where P is the appellant, the date of the document notifying the decision to which the appeal relates, or
 - (ii) in a case where a person other than P is the appellant, the date that person becomes aware of the decision, or
 - (b) if later, the end of the relevant period (within the meaning of section 83D).
- (2) But that is subject to subsections (3) to (5).
- (3) In a case where HMRC are required to undertake a review under section 83C—
 - (a) an appeal may not be made until the conclusion date, and
 - (b) any appeal is to be made within the period of 30 days beginning with the conclusion date.
- [^{F446}(4) In a case where HMRC are requested to undertake a review in accordance with section 83E—
 - (a) an appeal may not be made—
 - (i) unless HMRC have notified P, or the other person, as to whether or not a review will be undertaken, and
 - (ii) if HMRC have notified P, or the other person, that a review will be undertaken, until the conclusion date;
 - (b) any appeal where paragraph (a)(ii) applies is to be made within the period of 30 days beginning with the conclusion date;
 - (c) if HMRC have notified P, or the other person, that a review will not be undertaken, an appeal may be made only if the tribunal gives permission to do so.]
- (5) In a case where section 83F(8) applies, an appeal may be made at any time from the end of the period specified in section 83F(6) to the date 30 days after the conclusion date.
- (6) An appeal may be made after the end of the period specified in subsection (1), (3)(b), (4)(b) or (5) if the tribunal gives permission to do so.
- (7) In this section “conclusion date” means the date of the document notifying the conclusions of the review.]

Textual Amendments

F445 Ss. 83A-83G inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 220**

F446 S. 83G(4) substituted (1.6.2014) by [The Revenue and Customs \(Amendment of Appeal Provisions for Out of Time Reviews\) Order 2014 \(S.I. 2014/1264\)](#), arts. 1(2), 4 (with art. 1(3))

84 Further provisions relating to appeals.

- (1) References in this section to an appeal are references to an appeal under section 83.
- ^{F447}(2)

Status: Point in time view as at 28/01/2019.

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- [^{F448}(3) Subject to subsections (3B) and (3C), where the appeal is against a decision with respect to any of the matters mentioned in section 83(1)(b), (n), (p), (q), (ra) [^{F449}, (rb)] or (zb), it shall not be entertained unless the amount which HMRC have determined to be payable as VAT has been paid or deposited with them.]
- [^{F450}(3A) Subject to subsections (3B) and (3C), where the appeal is against an assessment which is a recovery assessment for the purposes of this subsection, or against the amount of such an assessment, it shall not be entertained unless the amount notified by the assessment has been paid or deposited with HMRC.]
- [^{F451}(3B) In a case where the amount determined to be payable as VAT or the amount notified by the recovery assessment has not been paid or deposited an appeal shall be entertained if—
- (a) HMRC are satisfied (on the application of the appellant), or
 - (b) the tribunal decides (HMRC not being so satisfied and on the application of the appellant),
that the requirement to pay or deposit the amount determined would cause the appellant to suffer hardship.
- (3C) Notwithstanding the provisions of sections 11 and 13 of the Tribunals, Courts and Enforcement Act 2007, the decision of the tribunal as to the issue of hardship is final.]
- (4) Subject to subsection (11) below, where—
- (a) there is an appeal against a decision of [^{F452}HMRC] with respect to, or to so much of any assessment as concerns, the amount of input tax that may be credited to any person or the proportion of input tax allowable under section 26, and
 - (b) that appeal relates, in whole or in part, to any determination by [^{F452}HMRC]—
 - (i) as to the purposes for which any goods or services were or were to be used by any person, or
 - (ii) as to whether or to what extent the matters to which any input tax was attributable were or included matters other than the making of supplies within section 26(2), and
 - (c) VAT for which, in pursuance of that determination, there is no entitlement to a credit is VAT on the supply, acquisition or importation of something in the nature of a luxury, amusement or entertainment,
the tribunal shall not allow the appeal or, as the case may be, so much of it as relates to that determination unless it considers that the determination is one which it was unreasonable to make or which it would have been unreasonable to make if information brought to the attention of the tribunal that could not have been brought to the attention of [^{F452}HMRC] had been available to be taken into account when the determination was made.
- [^{F453}(4ZA) Where an appeal is brought—
- (a) against such a decision as is mentioned in section [^{F454}83(1)](fza), or
 - (b) to the extent that it is based on such a decision, against an assessment,
- the tribunal shall not allow the appeal unless it considers that [^{F455}HMRC] could not reasonably have been satisfied that there were grounds for the decision.]
- [^{F456}(4A) Where an appeal is brought against the refusal of an application such as is mentioned in section 43B(1) or (2) on the grounds stated in section 43B(5)(c)—

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- (a) the tribunal shall not allow the appeal unless it considers that [F457HMRC] could not reasonably have been satisfied that there were grounds for refusing the application,
 - (b) the refusal shall have effect pending the determination of the appeal, and
 - (c) if the appeal is allowed, the refusal shall be deemed not to have occurred.
- (4B) Where an appeal is brought against the giving of a notice under section 43C(1) or (3)—
- (a) the notice shall have effect pending the determination of the appeal, and
 - (b) if the appeal is allowed, the notice shall be deemed never to have had effect.
- (4C) Where an appeal is brought against the giving of a notice under section 43C(1), the tribunal shall not allow the appeal unless it considers that [F458HMRC] could not reasonably have been satisfied that there were grounds for giving the notice.
- (4D) Where—
- (a) an appeal is brought against the giving of a notice under section 43C(3), and
 - (b) the grounds of appeal relate wholly or partly to the date specified in the notice,
- the tribunal shall not allow the appeal in respect of the date unless it considers that [F459HMRC] could not reasonably have been satisfied that it was appropriate.]
- [F460(4E) Where an appeal is brought against a requirement imposed under paragraph 4(2)(b) of Schedule 11 that a person give security, the tribunal shall allow the appeal unless [F461HMRC satisfies] the tribunal that—
- (a) there has been an evasion of, or an attempt to evade, VAT in relation to goods or services supplied to or by that person, or
 - (b) it is likely, or without the requirement for security it is likely, that VAT in relation to such goods or services will be evaded.
- (4F) A reference in subsection (4E) above to evading VAT includes a reference to obtaining a VAT credit that is not due or a VAT credit in excess of what is due.]
- (5) Where, on an appeal against a decision with respect to any of the matters mentioned in section [F46283(1)](p) [F463 or (rb)] —
- (a) it is found that the amount specified in the assessment is less than it ought to have been, and
 - (b) the tribunal gives a direction specifying the correct amount,
- the assessment shall have effect as an assessment of the amount specified in the direction, and that amount shall be deemed to have been notified to the appellant.
- (6) Without prejudice to section 70, [F464 or (as the case requires) paragraph 26 of Schedule 3BA or paragraph 16F of Schedule 3B] nothing in section [F46583(1)](q) shall be taken to confer on a tribunal any power to vary an amount assessed by way of penalty, interest or surcharge except in so far as it is necessary to reduce it to the amount which is appropriate under sections 59 to 70; and in this subsection “penalty” includes an amount assessed by virtue of section 61(3) or (4)(a).
- [F466(6A) Without prejudice to section 70, nothing in section [F46783(1)](zb) shall be taken to confer on a tribunal any power to vary an amount assessed by way of penalty except in so far as it is necessary to reduce it to the amount which is appropriate under paragraph 11 of Schedule 11A.]
- [F468(6B) Nothing in section [F46983(1)](zc) shall be taken to confer on a tribunal any power to vary an amount assessed by way of penalty except in so far as it is necessary to reduce

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it to the amount which is appropriate under regulations made under section 135 of the Finance Act 2002.]

- (7) Where there is an appeal against a decision to make such a direction as is mentioned in section [F47083(1)](u), the tribunal shall not allow the appeal unless it considers that [F471HMRC] could not reasonably have been satisfied as to the matters in subparagraph (2)(a) to (d) of paragraph 2 of Schedule 1 or, as the case may be, [F472that there were grounds for making the direction.]
- [F473(7A) Where there is an appeal against a decision to make such a direction as is mentioned in section [F47483(1)](wa), the cases in which the tribunal shall allow the appeal shall include (in addition to the case where the conditions for the making of the direction were not fulfilled) the case where the tribunal are satisfied, in relation to the relevant event by reference to which the direction was given, that—
- (a) the change in the treatment of the body corporate, or
 - (b) the transaction in question,
- had as its main purpose or, as the case may be, as each of its main purposes a genuine commercial purpose unconnected with the fulfilment of the condition specified in paragraph 1(3) of Schedule 9A.]
- [F475(7ZA) Where there is an appeal against such a refusal as is mentioned in section [F47683(1)](wb)—
- (a) the tribunal shall not allow the appeal unless it considers that [F477HMRC] could not reasonably have been satisfied that there were grounds for the refusal, and
 - (b) the refusal shall have effect pending the determination of the appeal.]
- [F478(7B) Where there is an appeal against a decision to make such a direction as is mentioned in section [F47983(1)](zza)—
- (a) the tribunal shall not allow the appeal unless it considers that [F480HMRC] could not reasonably have been satisfied that there were grounds for making the direction;
 - (b) the direction shall have effect pending the determination of the appeal.]
- [F481(8)
- (9) No appeal shall lie under this section with respect to the subject-matter of any decision which by virtue of section 16 is a decision to which section 14 [F482or 15A] of the ^{M23}Finance Act 1994 (decisions subject to review) applies unless the decision—
- (a) relates exclusively to one or both of the following matters, namely whether or not section 30(3) applies in relation to the importation of the goods in question and (if it does not) the rate of tax charged on those goods; and
 - (b) is not one in respect of which notice has been given to [F483HMRC] under section 14 of that Act requiring them to review it [F484and]
- [F485(c) a review is not being undertaken following a request under section 14A of that Act; and
- (d) a review is not being undertaken under section 15 of that Act as a consequence of section 15B(3), 15C(3) or 15E(3) of that Act].
- (10) Where an appeal is against [F486an HMRC decision] which depended upon a prior decision taken [F487... in relation to the appellant, the fact that the prior decision is not within section 83 shall not prevent the tribunal from allowing the appeal on the ground that it would have allowed an appeal against the prior decision.

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- (11) Subsection (4) above shall not apply in relation to any appeal relating to the input tax that may be credited to any person at the end of a prescribed accounting period beginning before 27th July 1993.

Textual Amendments

- F447** S. 84(2) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(2)**
- F448** S. 84(3) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(3)**
- F449** Word in s. 84(3) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), **s. 124(4)(a)**
- F450** S. 84(3A) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(4)**
- F451** S. 84(3B)(3C) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(5)**
- F452** Word in s. 84(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(6)**
- F453** S. 84(4ZA) inserted (retrospective to 24.4.2002) by [Finance Act 2002 \(c. 23\)](#), **s. 23(3)(4)**
- F454** Word in s. 84(4ZA)(a) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(8)**
- F455** Word in s. 84(4ZA) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(7)**
- F456** S. 84(4A)-(4D) inserted (27.7.1999) by 1999 c. 16, s. 16, **Sch. 2 para. 4**
- F457** Word in s. 84(4A)(a) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(7)**
- F458** Word in s. 84(4C) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(7)**
- F459** Word in s. 84(4D) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(7)**
- F460** S. 84(4E)(4F) inserted (retrospective to 10.4.2003) by [Finance Act 2003 \(c. 14\)](#), **s. 17(7)(8)**
- F461** Words in s. 84(4E) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(9)**
- F462** Word in s. 84(5) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(8)**
- F463** Words in s. 84(5) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), **s. 124(4)(b)**
- F464** Words in s. 84(6) inserted (with effect in accordance with Sch. 22 para. 23 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 22 para. 17**
- F465** Word in s. 84(6) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(8)**
- F466** S. 84(6A) inserted (22.7.2004 for specified purposes, 1.8.2004 in so far as not already in force) by [Finance Act 2004 \(c. 12\)](#), s. 19(2), **Sch. 2 para. 5(3)**; S.I. 2004/1934, art. 2
- F467** Word in s. 84(6A) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(8)**
- F468** S. 84(6B) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), **s. 93(9)**
- F469** Word in s. 84(6B) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(8)**
- F470** Word in s. 84(7) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(8)**
- F471** Word in s. 84(7) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 221(7)**
- F472** Words in s. 84(7) substituted (19.3.1997 with effect as mentioned in s. 31(4) of the amending Act) by 1997 c. 16, **s. 31(3)(4)**

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- F473** S. 84(7A) inserted (29.4.1996) by 1996 c. 8, s. 31(4)
- F474** Word in s. 84(7A) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(8)**
- F475** S. 84(7ZA) inserted (with effect in accordance with art. 1(2) of the amending S.I.) by The Value Added Tax (Buildings and Land) Order 2008 (S.I. 2008/1146), arts. 1(1), 3(3) (with Sch. 2)
- F476** Word in s. 84(7ZA) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(8)**
- F477** Word in s. 84(7ZA) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(7)**
- F478** S. 84(7B) inserted (19.7.2006) by Finance Act 2006 (c. 25), s. 21(5)
- F479** Word in s. 84(7B) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(8)**
- F480** Word in s. 84(7B) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(7)**
- F481** S. 84(8) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(10)** (with Sch. 3 para. 9(2)(a))
- F482** Words in s. 84(9) added (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(11)(a)**
- F483** Word in s. 84(9)(b) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(11)(b)**
- F484** Word in s. 84(9)(b) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(11)(c)**
- F485** S. 84(9)(c)(d) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(11)(d)**
- F486** Words in s. 84(10) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(12)(a)**
- F487** Words in s. 84(10) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 221(12)(b)**

Marginal Citations

M23 1994 c. 9.

85 Settling appeals by agreement.

- (1) Subject to the provisions of this section, where a person gives notice of appeal under section 83 and, before the appeal is determined by a tribunal, [^{F488}HMRC] and the appellant come to an agreement (whether in writing or otherwise) under the terms of which the decision under appeal is to be treated—
- as upheld without variation, or
 - as varied in a particular manner, or
 - as discharged or cancelled,
- the like consequences shall ensue for all purposes as would have ensued if, at the time when the agreement was come to, a tribunal had determined the appeal in accordance with the terms of the agreement ^{F489}....
- (2) Subsection (1) above shall not apply where, within 30 days from the date when the agreement was come to, the appellant gives notice in writing to [^{F488}HMRC] that he desires to repudiate or resile for the agreement.
- (3) Where an agreement is not in writing—
- the preceding provisions of this section shall not apply unless the fact that an agreement was come to, and the terms agreed, are confirmed by notice

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in writing given by [F488HMRC] to the appellant or by the appellant to [F488HMRC], and

- (b) references in those provisions to the time when the agreement was come to shall be construed as references to the time of the giving of that notice of confirmation.

(4) Where—

- (a) a person who has given a notice of appeal notifies [F488HMRC], whether orally or in writing, that he desires not to proceed with the appeal; and
(b) 30 days have elapsed since the giving of the notification without [F488HMRC] giving to the appellant notice in writing indicating that they are unwilling that the appeal should be treated as withdrawn,

the preceding provisions of this section shall have effect as if, at the date of the appellant's notification, the appellant and [F488HMRC] had come to an agreement, orally or in writing, as the case may be, that the decision under appeal should be upheld without variation.

- (5) References in this section to an agreement being come to with an appellant and the giving of notice or notification to or by an appellant include references to an agreement being come to with, and the giving of notice or notification to or by, a person acting on behalf of the appellant in relation to the appeal.

Textual Amendments

- F488** Word in s. 85 substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 222(3)**
F489 Words in s. 85(1) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 222(2)**

Modifications etc. (not altering text)

- C41** S. 85 amended (28.7.2000) by [2000 c. 17, s. 30](#), **Sch. 6 para. 123(7)**
S. 85 amended (11.5.2001) by [2001 c. 9, s. 42\(7\)](#)
C42 S. 85 extended (29.4.1996) by [1996 c. 8, s. 57\(a\)](#)
C43 S. 85 modified (27.11.2003) by [Finance Act 2003 \(c. 14\)](#), ss. 24(7), **37(1)**; [S.I. 2003/2985](#), art. 2
C44 S. 85 modified (23.12.2003) by [Export \(Penalty\) Regulations 2003 \(S.I. 2003/3102\)](#), regs. 1, **13(1)**
C45 S. 85 modified by [1994 c. 9, s. 60\(10\)](#) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(12)**)
C46 S. 85 modified by [1994 c. 9, s. 16\(3B\)](#) (as inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 203(6)**)
C47 S. 85 applied (with modifications) by [2008 c. 28, Sch. 7 para. 26\(6\)](#) (as substituted (1.4.2009) by [The Revenue and Customs Appeals Order 2009 \(S.I. 2009/777\)](#), art. 1, **Sch. para. 2(4)**)
C48 S. 85 modified by [S.I. 2007/1509](#), reg. 5 (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 2 para. 165**)
C49 S. 85 modified by [S.I. 2003/3102](#), reg. 13 (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 2 para. 126**)
C50 S. 85 modified by [2003 c. 14, s. 37](#) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 366**)
C51 S. 85 modified by [1996 c. 8, s. 56\(8\)](#) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 237(8)**)
C52 S. 85 modified by [2000 c. 17, Sch. 6 para. 123\(7\)](#) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 291(9)**)

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C53 S. 85 modified by 2001 c. 9, s. 42(7) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 306(9)**)

[^{F490}85A Payment of tax on determination of appeal

- (1) This section applies where the tribunal has determined an appeal under section 83.
- (2) Where on the appeal the tribunal has determined that—
 - (a) the whole or part of any disputed amount paid or deposited is not due, or
 - (b) the whole or part of any VAT credit due to the appellant has not been paid,
 so much of that amount, or of that credit, as the tribunal determines not to be due or not to have been paid shall be paid or repaid with interest at the rate applicable under section 197 of the Finance Act 1996.
- (3) Where on the appeal the tribunal has determined that—
 - (a) the whole or part of any disputed amount not paid or deposited is due, or
 - (b) the whole or part of any VAT credit paid was not payable,
 so much of that amount, or of that credit, as the tribunal determines to be due or not payable shall be paid or repaid to HMRC with interest at the rate applicable under section 197 of the Finance Act 1996.
- (4) Interest under subsection (3) shall be paid without any deduction of income tax.
- (5) Nothing in this section requires HMRC to pay interest—
 - (a) on any amount which falls to be increased by a supplement under section 79 (repayment supplement in respect of certain delayed payments or refunds); or
 - (b) where an amount is increased under that section, on so much of the increased amount as represents the supplement.

Textual Amendments

F490 Ss. 85A, 85B inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 223**

85B Payment of tax where there is a further appeal

- (1) Where a party makes a further appeal, notwithstanding that the further appeal is pending, value added tax or VAT credits, or a credit of overstated or overpaid value added tax shall be payable or repayable in accordance with the determination of the tribunal or court against which the further appeal is made.
- (2) But if the amount payable or repayable is altered by the order or judgment of the tribunal or court on the further appeal—
 - (a) if too much value added tax has been paid or the whole or part of any VAT credit due to the appellant has not been paid the amount overpaid or not paid shall be refunded with such interest, if any, as the tribunal or court may allow; and
 - (b) if too little value added tax has been charged or the whole or part of any VAT credit paid was not payable so much of the amount as the tribunal or court determines to be due or not payable shall be due or repayable, as appropriate, at the expiration of a period of thirty days beginning with the date

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on which HMRC issue to the other party a notice of the total amount payable in accordance with the order or judgment of that tribunal or court.

- (3) If, on the application of HMRC, the relevant tribunal or court considers it necessary for the protection of the revenue, subsection (1) shall not apply and the relevant tribunal or court may—
- (a) give permission to withhold any payment or repayment; or
 - (b) require the provision of adequate security before payment or repayment is made.
- (4) If, on the application of the original appellant, HMRC are satisfied that financial extremity might be reasonably expected to result if payment or repayment is required or withheld as appropriate, HMRC may do one or more of the things listed in subsection (6).
- (5) If on the application of the original appellant, the relevant tribunal or court decides that—
- (a) the original appellant has applied to HMRC under subsection (4),
 - (b) HMRC have decided that application,
 - (c) financial extremity might be reasonably expected to result from that decision by HMRC,
- the relevant tribunal or court may replace, vary or supplement the decision by HMRC by doing one or more of the things listed in subsection (6).
- (6) These are the things which HMRC or the relevant tribunal or court may do under subsection (4) or (5)—
- (a) decide how much, if any, of the amount under appeal should be paid or repaid as appropriate,
 - (b) require the provision of adequate security from the original appellant,
 - (c) stay the requirement to pay or repay under subsection (1).
- (7) Subsections (3) to (6) cease to have effect when the further appeal has been determined.
- (8) In this section—
- “adequate security” means security that is of such amount and given in such manner—
 - (a) as the tribunal or court may determine (in a case falling within subsection (3) or (5)), or
 - (b) as HMRC consider adequate to protect the revenue (in a case falling within subsection (4));
 - “further appeal” means an appeal against—
 - (a) the tribunal’s determination of an appeal under section 83, or
 - (b) a decision of the Upper Tribunal or a court that arises (directly or indirectly) from that determination;
 - “original appellant” means the person who made the appeal to the tribunal under section 83;
 - “relevant tribunal or court” means the tribunal or court from which permission or leave to appeal is sought.]

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Textual Amendments

- F490** Ss. 85A, 85B inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 223**

Modifications etc. (not altering text)

- C54** S. 85B excluded (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 3 para. 10**
- C55** S. 85B modified by 1994 c. 9, s. 16(3B) (as inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 203(6)**)
- C56** S. 85B modified by 1994 c. 9, s. 60(10) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 207(12)**)
- C57** S. 85B modified by 1996 c. 8, s. 56(8) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 237(8)**)
- C58** S. 85B modified by 2000 c. 17, Sch. 6 para. 123(7) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 291(9)**)
- C59** S. 85B modified by 2001 c. 9, s. 42(7) (as substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 306(9)**)

^{F491}86 Appeals to Court of Appeal.

.....

Textual Amendments

- F491** S. 86 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 224**

^{F492}87 Enforcement of registered or recorded tribunal decisions etc.

.....

Textual Amendments

- F492** S. 87 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 224**

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PART VI

SUPPLEMENTARY PROVISIONS

Change in rate of VAT etc. and disclosure of information

88 Supplies spanning change of rate etc.

- (1) This section applies where there is a change in the rate of VAT in force under section 2^[F493] or 29A] or in the descriptions of exempt^[F494], zero-rated or reduced-rate] supplies or exempt^[F494], zero-rated or reduced-rate] acquisitions.
- (2) Where—
 - (a) a supply affected by the change would, apart from section 6(4), (5), (6) or (10), be treated under section 6(2) or (3) as made wholly or partly at a time when it would not have been affected by the change; or
 - (b) a supply not so affected would apart from section 6(4), (5), (6) or (10) be treated under section 6(2) or (3) as made wholly or partly at a time when it would have been so affected,the rate at which VAT is chargeable on the supply, or any question whether it is zero-rated or exempt^[F495] or a reduced-rate supply], shall if the person making it so elects be determined without regard to section 6(4), (5), (6) or (10).
- (3) Any power to make regulations under this Act with respect to the time when a supply is to be treated as taking place shall include power to provide for this section to apply as if the references in subsection (2) above to section 6(4), (5), (6) or (10) included references to specified provisions of the regulations.
- (4) Where—
 - (a) any acquisition of goods from another member State which is affected by the change would not have been affected (in whole or in part) if it had been treated as taking place at the time of the event which, in relation to that acquisition, is the first relevant event for the purposes of taxing the acquisition; or
 - (b) any acquisition of goods from another member State which is not so affected would have been affected (in whole or in part) if it had been treated as taking place at the time of that event,the rate at which VAT is chargeable on the acquisition, or any question whether it is zero-rated or exempt^[F496] or a reduced-rate acquisition], shall, if the person making the acquisition so elects, be determined as at the time of that event.
- (5) Regulations under ^[F497]paragraph 2A] of Schedule 11 may make provision for the replacement or correction of any VAT invoice which—
 - (a) relates to a supply in respect of which an election is made under this section, but
 - (b) was issued before the election was made.
- (6) No election may be made under this section in respect of a supply to which ^[F498]paragraph 7 of Schedule 4 or paragraph 2B(4) of Schedule 11] applies.
- (7) References in this section to an acquisition being zero-rated are references to an acquisition of goods from another member State being one in relation to which section 30(3) provides for no VAT to be chargeable.

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- ^{F499}(8) References in this section—
- (a) to a supply being a reduced-rate supply, or
 - (b) to an acquisition being a reduced-rate acquisition,
- are references to a supply, or (as the case may be) an acquisition, being one on which VAT is charged at the rate in force under section 29A.

Textual Amendments

- F493** Words in s. 88(1) inserted (11.5.2001) by [2001 c. 9, s. 99, Sch. 31 para. 4\(2\)\(a\)](#)
- F494** Words in s. 88(1) substituted (11.5.2001) by [2001 c. 9, s. 99, Sch. 31 para. 4\(2\)\(b\)](#)
- F495** Words in s. 88(2) inserted (11.5.2001) by [2001 c. 9, s. 99, Sch. 31 para. 4\(3\)](#)
- F496** Words in s. 88(4) inserted (11.5.2001) by [2001 c. 9, s. 99, Sch. 31 para. 4\(4\)](#)
- F497** Words in s. 88(5) substituted (1.12.2003) by [Finance Act 2002 \(c. 23\), s. 24\(4\)\(c\)\(i\)\(5\)](#); S.I. [2003/3043, art. 2](#)
- F498** Words in s. 88(6) substituted (1.12.2003) by [Finance Act 2002 \(c. 23\), s. 24\(4\)\(c\)\(ii\)\(5\)](#); S.I. [2003/3043, art. 2](#)
- F499** S. 88(8) inserted (11.5.2001) by [2001 c. 9, s. 99, Sch. 31 para. 4\(5\)](#)

Modifications etc. (not altering text)

- C60** S. 88(2) modified (20.10.1995) by [S.I. 1995/2518, reg. 95](#)

89 Adjustments of contracts on changes in VAT.

- (1) Where, after the making of a contract for the supply of goods or services and before the goods or services are supplied, there is a change in the VAT charged on the supply, then, unless the contract otherwise provided, there shall be added to or deducted from the consideration for the supply an amount equal to the change.
- (2) Subsection (1) above shall apply in relation to a tenancy or lease as it applies in relation to a contract except that a term of a tenancy or lease shall not be taken to provide that the rule contained in that subsection is not to apply in the case of the tenancy or lease if the term does not specifically to VAT or this section.
- (3) References in this section to a change in the VAT charged on a supply include references to a change to or from no VAT being charged on the supply (including a change attributable to the making of an ^{F500}option to tax any land under Part 1 of Schedule 10J).

Textual Amendments

- F500** Words in s. 89(3) substituted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Value Added Tax \(Buildings and Land\) Order 2008 \(S.I. 2008/1146\), art. 1\(1\), Sch. 1 para. 2](#) (with [Sch. 2](#))

90 Failure of resolution under Provisional Collection of Taxes Act 1968.

- (1) Where—
 - (a) by virtue of a resolution having effect under the ^{M24}Provisional Collection of Taxes Act 1968 VAT has been paid at a rate specified in the resolution on the supply of any goods or services by reference to a value determined under

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section 19(2) or on the acquisition of goods from another member State by reference to a value determined under section 20(3), and

- (b) by virtue of section 1(6) or (7) or 5(3) of that Act any of that VAT is repayable in consequence of the restoration in relation to that supply or acquisition of a lower rate,

the amount repayable shall be the difference between the VAT paid by reference to that value at the rate specified in the resolution and the VAT that would have been payable by reference to that value at the lower rate.

(2) Where—

- (a) by virtue of such a resolution VAT is chargeable at a rate specified in the resolution on the supply of any goods or services by reference to a value determined under section 19(2) or on the acquisition of goods from another member State by reference to a value determined under section 20(3), but

- (b) before the VAT is paid it ceases to be chargeable at that rate in consequence of the restoration in relation to that supply or acquisition of a lower rate,

the VAT chargeable at the lower rate shall be charged by reference to the same value as that by reference to which VAT would have been chargeable at the rate specified in the resolution.

- (3) The VAT that may be credited as input tax under section 25 or refunded under section 33, ^[F50133A,]^[F50233B,]^[F50333C,] 35 or 40 does not include VAT that has been repaid by virtue of any of the provisions mentioned in subsection (1)(b) above or that would be repayable by virtue of any of those provisions if it had been paid.

Textual Amendments

F501 Word in s. 90(3) inserted (11.5.2001 for specified purposes, 1.9.2001 in so far as not already in force) by 2001 c. 9, s. 98(8)(10)(11)

F502 Word in s. 90(3) inserted (with effect in accordance with s. 76(5) of the amending Act) by Finance Act 2011 (c. 11), s. 76(3)

F503 Word in s. 90(3) inserted (with effect in accordance with s. 66(5) of the amending Act) by Finance Act 2015 (c. 11), s. 66(3)

Marginal Citations

M24 1968 c. 2.

91 Disclosure of information for statistical purposes.

- (1) For the purpose of the compilation or maintenance by the Department of Trade and Industry or the ^[F504]Statistics Board of a central register of businesses, or for the purpose of any statistical survey conducted or to be conducted by that Department ^[F505]or Board, the Commissioners or an authorised officer of the Commissioners may disclose to an authorised officer of that Department ^[F505]or Board particulars of the following descriptions obtained or recorded by them in pursuance of this Act—

- (a) numbers allocated by the Commissioners on the registration of persons under this Act and reference numbers for members of a group;
- (b) names, trading styles and addresses of persons so registered or of members of groups and status and trade classifications of businesses; and
- (c) actual or estimated value of supplies.

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- (2) Subject to subsection (3) below, no information obtained by virtue of this section by an officer of the Department of Trade and Industry or the [^{F506}Statistics Board] may be disclosed except to an officer of a Government department (including a Northern Ireland department) [^{F507}or to a member of the staff of the Scottish Administration] for the purpose for which the information was obtained, or for a like purpose.
- (3) Subsection (2) above does not prevent the disclosure—
- (a) of any information in the form of a summary so framed as not to enable particulars to be identified as particulars relating to a particular person or to the business carried on by a particular person; or
 - (b) with the consent of any person, of any information enabling particulars to be identified as particulars relating only to him or to a business carried on by him.
- (4) If any person who has obtained any information by virtue of this section discloses it in contravention of this section he shall be liable—
- (a) on summary conviction to a fine not exceeding the statutory maximum; and
 - (b) on conviction on indictment to imprisonment for a term not exceeding 2 years or to a fine of any amount or to both.
- (5) In this section, references to the Department of Trade and Industry or the [^{F508}Statistics Board] include references to any Northern Ireland department [^{F509}or to any part of the Scottish Administration] carrying out similar functions.

Textual Amendments

- F504** Words in s. 91(1) substituted (1.4.2008) by Statistics and Registration Service Act 2007 (c. 18), s. 74(1), **Sch. 2 para. 6(2)(a)**; S.I. 2008/839, art. 2
- F505** Words in s. 91(1) substituted (1.4.2008) by Statistics and Registration Service Act 2007 (c. 18), s. 74(1), **Sch. 2 para. 6(2)(b)**; S.I. 2008/839, art. 2
- F506** Words in s. 91(2) substituted (1.4.2008) by Statistics and Registration Service Act 2007 (c. 18), s. 74(1), **Sch. 2 para. 6(3)**; S.I. 2008/839, art. 2
- F507** Words in s. 91(2) inserted (1.7.1999) by S.I. 1999/1820, arts. 1(2), 4, **Sch. 2 Pt. I para. 114(2)(a)**; S.I. 1998/3178, **art. 3**
- F508** Words in s. 91(5) substituted (1.4.2008) by Statistics and Registration Service Act 2007 (c. 18), s. 74(1), **Sch. 2 para. 6(3)**; S.I. 2008/839, art. 2
- F509** Words in s. 91(5) inserted (1.7.1999) by S.I. 1999/1820, arts. 1(2), 4, **Sch. 2 Pt. I para. 114(2)(b)**; S.I. 1998/3178, **art. 3**

Interpretative provisions

92 Taxation under the laws of other member States etc.

- (1) Subject to the following provisions of this section, references in this Act, in relation to another member State, to the law of that member State shall be construed as confined to so much of the law of that member State as for the time being has effect for the purposes of any [^{F47}EU] instrument relating to VAT.
- (2) Subject to the following provisions of this section—
- (a) references in this Act to a person being taxable in another member State are references to that person being taxable under so much of the law of that member State as makes provision for purposes corresponding, in relation to

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- that member State, to the purposes of so much of this Act as makes provision as to whether a person is a taxable person; and
- (b) references in this Act to goods being acquired by a person in another member State are references to goods being treated as so acquired in accordance with provisions of the law of that member State corresponding, in relation to that member State, to so much of this Act as makes provision for treating goods as acquired in the United Kingdom from another member State.
- (3) Without prejudice to subsection (5) below, the Commissioners may by regulations make provision for the manner in which any of the following are to be or may be proved for any of the purposes of this Act, that is to say—
- (a) the effect of any provisions of the law of any other member State;
- (b) that provisions of any such law correspond or have a purpose corresponding, in relation to any member State, to or to the purpose of any provision of this Act.
- (4) The Commissioners may by regulations provide—
- (a) for a person to be treated for prescribed purposes of this Act as taxable in another member State only where he has given such notification, and furnished such other information, to the Commissioners as may be prescribed;
- (b) for the form and manner in which any notification or information is to be given or furnished under the regulations and the particulars which it is to contain;
- (c) for the proportion of any consideration for any transaction which is to be taken for the purposes of this Act as representing a liability, under the law of another member State, for VAT to be conclusively determined by reference to such invoices or in such other manner as may be prescribed.
- (5) In any proceedings (whether civil or criminal), a certificate of the Commissioners—
- (a) that a person was or was not, at any date, taxable in another member State; or
- (b) that any VAT payable under the law of another member State has or has not been paid,
- shall be sufficient evidence of that fact until the contrary is proved, and any document purporting to be a certificate under this subsection shall be deemed to be such a certificate until the contrary is proved.
- (6) Without prejudice to the generality of any of the powers of the Commissioners under the relevant information provisions, those powers shall, for the purpose of facilitating compliance with any [^{F47}EU] obligations, be exercisable with respect to matters that are relevant to a charge to VAT under the law of another member State, as they are exercisable with respect to matters that are relevant for any of the purposes of this Act.
- (7) The reference in subsection (6) above to the relevant information provisions is a reference to the provisions of section 73(7) and Schedule 11 relating to—
- (a) the keeping of accounts;
- (b) the making of returns and the submission of other documents to the Commissioners;
- (c) the production, use and contents of invoices;
- (d) the keeping and preservation of records; and
- (e) the furnishing of information and the production of documents.

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Textual Amendments

F47 Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))

93 Territories included in references to other member States etc.

- (1) The Commissioners may by regulations provide for the territory of the [^{F46}European Union] , or for the member States, to be treated for any of the purposes of this Act as including or excluding such territories as may be prescribed.
- (2) Without prejudice to the generality of the powers conferred by subsection (1) and section 16, the Commissioners may, for any of the purposes of this Act, by regulations provide for prescribed provisions of any customs and excise legislation to apply in relation to cases where any territory is treated under subsection (1) above as excluded from the territory of the [^{F46}European Union], with such exceptions and adaptations as may be prescribed.
- (3) In subsection (2) above the reference to customs and excise legislation is a reference to any enactment or subordinate or [^{F47}EU] legislation (whenever passed, made or adopted) which has effect in relation to, or to any assigned matter connected with, the importation or exportation of goods.
- (4) In subsection (3) above “assigned matter” has the same meaning as in the Management Act.

Textual Amendments

F46 Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 4 (with arts. 3(2)(3), 4(2), 6(4)(5))

F47 Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))

94 Meaning of “business” etc.

- (1) In this Act “business” includes any trade, profession or vocation.
- (2) Without prejudice to the generality of anything else in this Act, the following are deemed to be the carrying on of a business—
 - (a) the provision by a club, association or organisation (for a subscription or other consideration) of the facilities or advantages available to its members; and
 - (b) the admission, for a consideration, of persons to any premises.
- ^{F510}(3)
- (4) Where a person, in the course or furtherance of a trade, profession or vocation, accepts any office, services supplied by him as the holder of that office are treated as supplied in the course or furtherance of the trade, profession or vocation.
- (5) Anything done in connection with the termination or intended termination of a business is treated as being done in the course or furtherance of that business.

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- (6) The disposition of a business [^{F511}, or part of a business,] as a going concern, or of [^{F512}the assets or liabilities of the business or part of the business] (whether or not in connection with its reorganisation or winding up), is a supply made in the course or furtherance of the business.

Textual Amendments

F510 S. 94(3) repealed (1.12.1999) by 1999 c. 16, ss. 20, 139, **Sch. 20 Pt. II(2)**, Note; S.I. 1999/2769, **art. 2**

F511 Words in s. 94(6) inserted (with effect in accordance with s. 100(10) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **s. 100(7)(a)**

F512 Words in s. 94(6) substituted (with effect in accordance with s. 100(10) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), **s. 100(7)(b)**

95 Meaning of “new means of transport”.

- (1) In this Act “means of transport” in the expression “new means of transport” means, subject to subsection (2) below, any of the following, that is to say—
- (a) any ship exceeding 7.5 metres in length;
 - (b) any aircraft the take-off weight of which exceeds 1550 kilograms;
 - (c) any motorized land vehicle which—
 - (i) has an engine with a displacement or cylinder capacity exceeding 48 cubic centimetres; or
 - (ii) is constructed or adapted to be electrically propelled using more than 7.2 kilowatts.
- (2) A ship, aircraft or motorized land vehicle does not fall within subsection (1) above unless it is intended for the transport of persons or goods.
- [^{F513}(3) For the purposes of this Act a means of transport shall be treated as new, in relation to any supply or any acquisition from another member State, at any time unless at that time—
- (a) the period that has elapsed since its first entry into service is—
 - (i) in the case of a ship or aircraft, a period of more than 3 months; and
 - (ii) in the case of a land vehicle, a period of more than 6 months;and]
 - (b) it has, since its first entry into service, travelled under its own power—
 - (i) in the case of a ship, for more than 100 hours;
 - (ii) in the case of an aircraft, for more than 40 hours; and
 - (iii) in the case of a land vehicle, for more than [^{F514}6000 kilometres].
- (4) The Treasury may by order vary this section—
- (a) by adding or deleting any ship, aircraft or vehicle of a description specified in the order to or from those which are for the time being specified in subsection (1) above; and
 - (b) by altering, omitting or adding to the provisions of subsection (3) above for determining whether a means of transport is new.
- (5) The Commissioners may by regulations make provision specifying the circumstances in which a means of transport is to be treated for the purposes of this section as having first entered into service.

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Textual Amendments

F513 Words in s. 95(3) substituted (1.1.1995 with effect as mentioned in art. 2(4) of the amending S.I.) by S.I. 1995/3128, art. 2(2)

F514 Words in s. 95(3)(b)(iii) substituted (1.1.1995 with effect as mentioned in art. 2(4) of the amending S.I.) by S.I. 1994/3128, art. 2(3)

96 Other interpretative provisions.

(1) In this Act—

“the 1983 Act” means the ^{M25}Value Added Tax Act 1983;

“another member State” means, subject to section 93(1), any member State other than the United Kingdom, and “other member States” shall be construed accordingly;

“assignment”, in relation to Scotland, means assignment;

“authorised person” means any person acting under the authority of the Commissioners;

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

[^{F515} “copy”, in relation to a document, means anything onto anything onto which information recorded in the document has been copied, by whatever means and whether directly or indirectly.]

[^{F516} “document” means anything in which information of any description is recorded; and]

“fee simple”—

(a) in relation to Scotland, means the ^{F517}... interest of the owner;

(b) in relation to Northern Ireland, includes the estate of a person who holds land under a fee farm grant;

[^{F518} “HMRC” means Her Majesty’s Revenue and Customs;]

“invoice” includes any document similar to an invoice;

“input tax” has the meaning given by section 24;

^{F519} ...

“local authority” has the meaning given by subsection (4) below;

“major interest”, in relation to land, means the fee simple or a tenancy for a term certain exceeding 21 years, and in relation to Scotland means [^{F520}the] interest of the owner, or the lessee’s interest under a lease for a period [^{F521}of not less than 20 years];

“the Management Act” means the ^{M26}Customs and Excise Management Act 1979;

“money” includes currencies other than sterling;

“output tax” has the meaning given by section 24;

^{F519} ...

^{F522} ...

“prescribed” means prescribed by regulations:

“prescribed accounting period” has the meaning given by section 25(1);

“quarter” means a period of 3 months ending at the end of March, June, September or December;

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“regulations” means regulations made by the Commissioners under this Act;

[^{F523}“relevant business person” has the meaning given by section 7A(4);]

“ship” includes hovercraft;

“subordinate legislation” has the same meaning as in the ^{M27}Interpretation Act 1978;

“tax” means VAT;

“taxable acquisition” has the meaning given by section 10(2);

“taxable person” means a person who is a taxable person under section 3;

“taxable supply” has the meaning given by section 4(2);

“the Taxes Act” means the ^{M28}Income and Corporation Taxes Act 1988;

“tribunal” has the meaning given by section 82;

[^{F524}“trustee in sequestration” means a trustee (or interim trustee) in a sequestration under the Bankruptcy (Scotland) Act 2016]

“VAT” means value added tax charged in accordance with this Act or, where the context requires, with the law of another member State;

“VAT credit” has the meaning given by section 25(3);

“VAT invoice” has the meaning given by section 6(15);

“VAT representative” has the meaning given by section 48;

and any reference to a particular section, Part or Schedule is a reference to that section or Part of, or Schedule to, this Act.

(2) Any reference in this Act to being registered shall be construed in accordance with section 3(3).

(3) Subject to section 93—

(a) the question whether or not goods have entered the territory of the [^{F46}European Union];

(b) the time when any [^{F47}EU] customs debt in respect of duty on the entry of any goods into the territory of the [^{F46}European Union] would be incurred; and

(c) the person by whom any such debt would fall to be discharged,

shall for the purposes of this Act be determined (whether or not the goods in question are themselves subject to any such duties) according to the [^{F47}EU] legislation applicable to goods which are in fact subject to such duties.

(4) In this Act “local authority” means the council of a county, [^{F525}county borough,] district, London borough, parish or group of parishes (or, in Wales, community or group of communities), the Common Council of the City of London, the Council of the Isles of Scilly, and any joint committee or joint board established by two or more of the foregoing and, in relation to Scotland, a [^{F526}council constituted under section 2 of the Local Government etc. (Scotland) Act 1994, any two or more such councils and any joint committee or joint board within the meaning of section 235(1) of the Local Government (Scotland) Act 1973].

(5) Any reference in this Act to the amount of any duty of excise on any goods shall be taken to be a reference to the amount of duty charged on those goods with any addition or deduction falling to be made under section 1 of the ^{M29}Excise Duties (Surcharges or Rebates) Act 1979.

^{F527}(6)

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^{F527}(7)

- (8) The question whether, in relation to any supply of services, the supplier or the recipient of the supply belongs in one country or another shall be determined ^{F528}... in accordance with section 9.
- (9) Schedules [^{F529}7A,] 8 and 9 shall be interpreted in accordance with the notes contained in those Schedules; and accordingly the powers conferred by this Act to vary those Schedules include a power to add to, delete or vary those notes.
- (10) The descriptions of Groups in those Schedules are for ease of reference only and shall not affect the interpretation of the descriptions of items in those Groups.

[^{F530}(10A) Where—

- (a) the grant of any interest, right, licence or facilities gives rise for the purposes of this Act to supplies made at different times after the making of the grant, and
- (b) a question whether any of those supplies is zero-rated or exempt falls to be determined according to whether or not the grant is a grant of a description specified in Schedule 8 or 9 or [^{F531}any of paragraphs 5 to 11 of Schedule 10], that question shall be determined according to whether the description is applicable as at the time of supply, rather than by reference to the time of the grant.]

[^{F532}(10B) Notwithstanding subsection (10A) above—

- (a) item 1 of Group 1 of Schedule 9 does not make exempt any supply that arises for the purposes of this Act from the prior grant of a fee simple falling within paragraph (a) of that item; and
- (b) that paragraph does not prevent the exemption of a supply that arises for the purposes of this Act from the prior grant of a fee simple not falling within that paragraph.]

- (11) References in this Act to the United Kingdom include the territorial sea of the United Kingdom.

Extent Information

E1 S. 96(6) does not extend to Scotland see s. 96(6).

Textual Amendments

F46 Words in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 4 (with arts. 3(2)(3), 4(2), 6(4)(5))

F47 Word in Act substituted (22.4.2011) by [The Treaty of Lisbon \(Changes in Terminology\) Order 2011 \(S.I. 2011/1043\)](#), arts. 2, 3, 6 (with arts. 3(2)(3), 4(2), 6(4)(5))

F515 S. 96(1): definition of “copy” inserted (31.1.1997) by 1995 c. 38, s. 15(1), [Sch. 1 para. 20](#) (with ss. 1(3), 6(4)(5), 14); S.I. 1996/3217, [art. 2](#)

F516 S. 96(1): definition of “document” inserted (31.1.1997) by 1995 c. 38, s. 15(1), [Sch. 1 para. 20](#) (with ss. 1(3), 6(4)(5), 14); S.I. 1996/3217, [art. 2](#)

F517 Words in s. 96(1) repealed (28.11.2004) by [Abolition of Feudal Tenure etc. \(Scotland\) Act 2000 \(asp 5\)](#), ss. 71, 77(2), [sch. 12 para. 57\(a\)](#), [sch. 13 Pt. 1](#) (with ss. 58, 62, 75); S.S.I. 2003/456, art. 2

F518 Definition in s. 96(1) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 225](#)

F519 Words in s. 96(1) omitted (30.11.2016) by virtue of [The Bankruptcy \(Scotland\) Act 2016 \(Consequential Provisions and Modifications\) Order 2016 \(S.I. 2016/1034\)](#), art. 1, [Sch. 1 para. 12\(7\)](#)
(a)

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- F520** Words in s. 96(1) substituted (28.11.2004) by [Abolition of Feudal Tenure etc. \(Scotland\) Act 2000 \(asp 5\)](#), ss. 71, 77(2), [sch. 12 para. 57\(b\)](#) (with ss. 58, 62, 75); S.S.I. 2003/456, art. 2
- F521** S. 96(1): words in para. (b) of the definition of “major interest” substituted (31.7.1998) by 1998 c. 36, s. 24
- F522** Words in s. 96(1) omitted (with effect in accordance with s. 22(4) of the amending Act) by virtue of [Finance \(No. 3\) Act 2010 \(c. 33\)](#), s. 22(3)(a)
- F523** Definition in s. 96(1) inserted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 8\(2\)](#) (with Sch. 36 para. 19)
- F524** Words in s. 96(1) inserted (30.11.2016) by [The Bankruptcy \(Scotland\) Act 2016 \(Consequential Provisions and Modifications\) Order 2016 \(S.I. 2016/1034\)](#), art. 1, [Sch. 1 para. 12\(7\)\(b\)](#)
- F525** S. 96(4): words in definition of “local authority” inserted (16.6.1995) by S.I. 1995/1510, [art. 2](#)
- F526** S. 96(4): words in definition of “local authority” substituted (1.4.1996) by S.I. 1996/739, art. 7(1), [Sch. 1 Pt. 1 para. 8](#)
- F527** S. 96(6)(7) repealed (31.1.1997) by 1995 c. 38, s. 15(2), [Sch. 2](#) (with ss. 1(3), 6(4)(5), 14); S.I. 1996/3217, [art. 2](#)
- F528** Words in s. 96(8) omitted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 36 para. 8\(3\)](#) (with Sch. 36 para. 19)
- F529** Word in s. 96(9) inserted (11.5.2001) by 2001 c. 9, s. 99, Sch. 31 para. 5
- F530** S. 96(10A) inserted (retrospectively) by 1997 c. 16, s. 35(1)(4)
- F531** Words in s. 96(10A)(b) substituted (with effect in accordance with art. 1(2) of the amending S.I.) by [The Value Added Tax \(Buildings and Land\) Order 2008 \(S.I. 2008/1146\)](#), art. 1(1), [Sch. 1 para. 3](#) (with Sch. 2)
- F532** S. 96(10B) inserted (with application in accordance with s. 20(2) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), s. 20(1)

Marginal Citations

- M25** 1983 c. 55.
- M26** 1979 c. 2.
- M27** 1978 c. 30.
- M28** 1988 c. 1.
- M29** 1979 c. 8.

Supplementary provisions

97 Orders, rules and regulations.

- (1) Any order made by the Treasury ^{F533}... under this Act and any regulations or rules under this Act shall be made by statutory instrument.
- ^{F534}(2)
- (3) An order to which this subsection applies shall be laid before the House of Commons; and unless it is approved by that House before the expiration of a period of 28 days beginning with the date on which it was made, it shall cease to have effect on the expiration of that period, but without prejudice to anything previously done thereunder or to the making of a new order.

In reckoning any such period no account shall be taken of any time during which Parliament is dissolved or prorogued or during which the House of Commons is adjourned for more than 4 days.
- (4) Subject to section 53(4), subsection (3) above applies to—
^{F535}(aa)

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- (a) an order under section 5(4) [^{F536}, 7A(6)] or 28;
- [^{F537}(ab) an order under paragraph 5(7) of Schedule 4 substituting a lesser sum for the sum for the time being specified in paragraph 5(2)(a) of that Schedule;]
- (b)
- (c) an order under this Act making provision—
- (i) for increasing the rate of VAT in force [^{F538}under section 2] at the time of the making of the order;
- (ii) for excluding any VAT from credit under section 25;
- [^{F539}(ia) for varying Schedule 7A so as to cause VAT to be charged on a supply at the rate in force under section 2 instead of that in force under section 29A;]
- (iii) for varying Schedule 8 or 9 so as to abolish the zero-rating of a supply or to abolish the exemption of a supply without zero-rating it;
- [^{F540}(ca) an order under section 43AA(1) if as a result of the order any bodies would cease to be eligible to be treated as members of a group;]
- (d) an order under section 51, except one making only such amendments as are necessary or expedient in consequence of provisions of an order under this Act which—
- (i) vary Schedule [^{F541}7A,] 8 or 9; but
- (ii) are not within paragraph (c) above;
- (e) an order under section 54(4) or (8).
- [^{F542}(ea) an order under section 55A(13);]
- [^{F543}(eb) an order under section 77A(9) or (9A);]
- [^{F544}(f) an order under paragraph [^{F545}B1, C1(4),] 1A(7)[^{F546}, 2A(4)][^{F547}or 8A(7)] of Schedule 6;]
- [^{F548}(fa) an order under paragraph 3(4) of Schedule 10A;]
- [^{F549}(g) an order under paragraph 3 or 4 of Schedule 11A.]
- [^{F550}(4A) Where an order under section 2(2) is in force, the reference in subsection (4)(c)(i) of this section to the rate of VAT in force under section 2 at the time of the making of an order is a reference to the rate which would be in force at that time if no such order had been made.]
- (5) A statutory instrument made under any provision of this Act except—
- (a) an order made under section 79, or
- (b) an instrument as respects which any other Parliamentary procedure is expressly provided, or
- (c) an instrument containing an order appointing a day for the purposes of any provision of this Act, being a day as from which the provision will have effect, with or without amendments, or will cease to have effect,
- shall be subject to annulment in pursuance of a resolution of the House of Commons.

Textual Amendments

F533 Words in s. 97(1) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 226(2)**

F534 S. 97(2) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 226(3)**

F535 S. 97(4)(aa) repealed (1.11.2001) by 2001 c. 9, s. 110, **Sch. 33 Pt. III(1)** note 1

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- F536** Word in s. 97(4)(a) inserted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 36 para. 9** (with Sch. 36 para. 19)
- F537** S. 97(4)(ab) inserted (29.4.1996) by [1996 c. 8, s. 33\(3\)](#)
- F538** Words in s. 97(4)(c)(i) inserted (11.5.2001 with effect as mentioned in s. 99(9)(a) of the amending Act) by [2001 c. 9, s. 99](#), **Sch. 31 para. 6(2)**
- F539** S. 97(4)(c)(iia) inserted (11.5.2001) by [2001 c. 9, s. 99](#), **Sch. 31 para. 6(3)**
- F540** S. 97(4)(ca) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), **s. 20(5)**
- F541** Words in s. 97(4)(d)(i) inserted (11.5.2001) by [2001 c. 9, s. 99](#), **Sch. 31 para. 6(4)**
- F542** S. 97(4)(ea) inserted (1.6.2007) by [Finance Act 2006 \(c. 25\)](#), **s. 19(6)(8)**; S.I. 2007/1419, art. 2
- F543** S. 97(4)(eb) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), **s. 98(2)**
- F544** S. 97(4)(f) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), **s. 22(4)**
- F545** Words in s. 97(4)(f) inserted (with effect in accordance with Sch. 38 para. 7(1) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 38 para. 5(a)**
- F546** Words in s. 97(4)(f) inserted (with effect in accordance with Sch. 38 para. 7(1) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 38 para. 5(b)**
- F547** Words in s. 97(4)(f) inserted (with effect in accordance with s. 200(8) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **s. 200(4)**
- F548** S. 97(4)(fa) inserted (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), **s. 22(2)**
- F549** S. 97(4)(g) inserted (22.7.2004 for specified purposes, 1.8.2004 in so far as not already in force) by [Finance Act 2004 \(c. 12\)](#), **s. 19(2)**, **Sch. 2 para. 6**; S.I. 2004/1934, art. 2
- F550** S. 97(4A) inserted (with effect in accordance with Sch. 3 para. 11 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 3 para. 25(3)**

Modifications etc. (not altering text)

- C61** S. 97 extended (27.7.1999) by [1999 c. 16, s. 13\(6\)](#)

[^{F551}97A Place of supply orders: transitional provision.

- (1) This section shall have effect for the purpose of giving effect to any order made [^{F552}under section 7A(6)], if—
- the order provides for services of a description specified in the order to be treated as supplied in the United Kingdom;
 - the services would not have fallen to be so treated apart from the order;
 - the services are not services that would have fallen to be so treated under any provision re-enacted in the order; and
 - the order is expressed to come into force in relation to services supplied on or after a date specified in the order (“the commencement date”).
- (2) Invoices and other documents provided to any person before the commencement date shall be disregarded in determining the time of the supply of any services which, if their time of supply were on or after the commencement date, would be treated by virtue of the order as supplied in the United Kingdom.
- (3) If there is a payment in respect of any services of the specified description that was received by the supplier before the commencement date, so much (if any) of that payment as relates to times on or after that date shall be treated as if it were a payment received on the commencement date.
- (4) If there is a payment in respect of services of the specified description that is or has been received by the supplier on or after the commencement date, so much (if any) of that payment as relates to times before that date shall be treated as if it were a payment received before that date.

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- (5) Subject to subsection (6) below, a payment in respect of any services shall be taken for the purposes of this section to relate to the time of the performance of those services.
- (6) Where a payment is received in respect of any services the performance of which takes place over a period a part of which falls before the commencement date and a part of which does not—
- (a) an apportionment shall be made, on a just and reasonable basis, of the extent to which the payment is attributable to so much of the performance of those services as took place before that date;
 - (b) the payment shall, to that extent, be taken for the purposes of this section to relate to a time before that date; and
 - (c) the remainder, if any, of the payment shall be taken for those purposes to relate to times on or after that date.]

Textual Amendments

F551 S. 97A inserted (retrospective to 17.3.1998) by [1998 c. 36, s. 22\(1\)\(3\)](#)

F552 Words in [s. 97A\(1\)](#) substituted (with effect in accordance with Sch. 36 para. 14(3) of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 36 para. 10](#) (with [Sch. 36 para. 19](#))

Modifications etc. (not altering text)

C62 [S. 97A](#) excluded (with application in accordance with s. 105(3) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 105\(1\)](#)

98 Service of notices.

Any notice, notification, requirement or demand to be served on, given to or made of any person for the purposes of this Act may be served, given or made by sending it by post in a letter addressed to that person or his VAT representative at the last or usual residence or place of business of that person or representative.

99 Refund of VAT to Government of Northern Ireland.

The Commissioners shall refund to the Government of Northern Ireland the amount of the VAT charged on the supply of goods or services to that Government, on the acquisition of any goods by that Government from another member State or on the importation of any goods by that Government from a place outside the member States, after deducting therefrom so much of that amount as may be agreed between them and the Department of Finance and Personnel for Northern Ireland as attributable to supplies, acquisitions and importations for the purpose of a business carried on by the Government of Northern Ireland.

100 Savings and transitional provisions, consequential amendments and repeals.

- (1) Schedule 13 (savings and transitional provisions) and Schedule 14 (consequential amendments) shall have effect.
- (2) The enactments and Orders specified in Schedule 15 are hereby repealed to the extent mentioned in the third column of that Schedule.

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- (3) This section is without prejudice to the operation of sections 15 to 17 of the ^{M30}Interpretation Act 1978 (which relate to the effect of repeals).

Marginal Citations

M30 1978 c. 30.

101 Commencement and extent.

- (1) This Act shall come into force on 1st September 1994 and Part I shall have effect in relation to the charge to VAT on supplies, acquisitions and importations in prescribed accounting periods ending on or after that date.
- (2) Without prejudice to section 16 of the ^{M31}Interpretation Act 1978 (continuation of proceedings under repealed enactments) except in so far as it enables proceedings to be continued under repealed enactments, section 72 shall have effect on the commencement of this Act to the exclusion of section 39 of the 1983 Act.
- (3) This Act extends to Northern Ireland.
- (4) Paragraph 23 of Schedule 13 and paragraph 7 of Schedule 14 shall extend to the Isle of Man but no other provision of this Act shall extend there.

Marginal Citations

M31 1978 c. 30.

102 Short title.

This Act may be cited as the Value Added Tax Act 1994.

Status:

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