

Status: Point in time view as at 01/05/2023.

Changes to legislation: There are currently no known outstanding effects for the Value Added Tax Act 1994, SCHEDULE 9ZE. (See end of Document for details)

SCHEDULES

[F1]SCHEDULE 9ZE

Section 40A

DISTANCE SELLING OF GOODS IMPORTED TO NORTHERN IRELAND: SPECIAL ACCOUNTING SCHEME

Textual Amendments

- F1** Schs. 9ZD-9ZF inserted (10.6.2021 for specified purposes, 1.7.2021 for specified purposes, 1.3.2024 for specified purposes) by [Finance Act 2021 \(c. 26\)](#), s. 95(6)(a), [Sch. 18 para. 6](#); [S.I. 2021/770](#), regs. 3, 4 (with regs. 5-7); [S.I. 2024/130](#), regs. 3, 4

PART 1

INTRODUCTION

Overview

- 1 In this Schedule—
- (a) Parts 2 and 3 establish a special accounting scheme (the Import One Stop Shop scheme, referred to in this Schedule as the “IOSS scheme”) which may be used by certain persons making supplies of goods to Northern Ireland or into the European Union from countries or territories other than Northern Ireland or member States;
 - (b) Part 4 makes provision about the collection of UK VAT on such supplies;
 - (c) Part 5 makes provision about IOSS representatives;
 - (d) Part 6 makes supplementary provision;
 - (e) Part 7 is about appeals;
 - (f) Part 8 contains definitions.

Qualifying supplies of goods

- 2 (1) For the purposes of this Schedule, a supply of goods is a “qualifying supply of goods” if—
- (a) the supply is a distance sale of goods imported from third territories or third countries for the purposes of the second paragraph of Article 14(4) of the VAT Directive (as modified by sub-paragraph (2)),
 - (b) the intrinsic value of the consignment of which the goods are part is not more than £135, and
 - (c) the consignment of which the goods are part does not contain goods of a class or description subject to any duty of excise, whether or not those goods are in fact chargeable with that duty, and whether or not that duty has been paid on those goods.

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- (2) For the purposes of sub-paragraph (1)(a), the second paragraph of Article 14(4) of the VAT Directive is to be read as if after “Member State” there were inserted “ or Northern Ireland ”.

PART 2

REGISTRATION

The register

- 3 Persons registered under the IOSS scheme are to be registered in a single register kept by the Commissioners for the purposes of the scheme.

Persons who may be registered

- 4 A person (“P”) may register under the IOSS scheme if—
- (a) P makes or intends to make one or more qualifying supplies of goods in the course of a business that P carries on,
 - (b) one of the following applies—
 - (i) P is established in Northern Ireland,
 - (ii) P is established in a country or territory with which the EU has concluded an agreement making provision corresponding or similar to that contained in Council Directive 2010/24/EU or Regulation (EU) No 904/2010, or
 - (iii) P is represented by an IOSS representative established in Northern Ireland (see Part 5),
 - (c) P is not identified under any provision of the law of a member State which implements Section 4 of Chapter 6 of Title XII of the VAT Directive, and
 - (d) P is not barred from registering by—
 - (i) the second paragraph of Article 369l(3) of the VAT Directive, or
 - (ii) any provision of the Implementing Regulation.

Becoming registered

- 5 (1) The Commissioners must register a person (“P”) under the IOSS scheme if P—
- (a) satisfies them that the requirements for registration are met (see paragraph 4), and
 - (b) makes a request in accordance with this paragraph (a “registration request”).
- (2) A registration request must state—
- (a) P's name and postal and electronic addresses (including any websites);
 - (b) the number (if any) P has been allocated by the tax authorities in the country in which P belongs;
 - (c) the date on which P began, or intends to begin, making qualifying supplies of goods.
- (3) A registration request must include a statement—
- (a) that P is not established in a member State, or

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- (b) that P is so established, but is represented by an IOSS representative established in Northern Ireland.
- (4) A registration request must—
- (a) contain any further information, and any declaration about its contents, that the Commissioners may by regulations require, and
 - (b) be made by such electronic means, and in such manner, as the Commissioners may direct (by means of a notice published by them or otherwise) or may by regulations require.

Date on which registration takes effect

- 6 Where a person (“P”) is registered under this Schedule, P's registration takes effect on the date determined in accordance with Article 57d of the Implementing Regulation.

Further provision about registration

- 7 (1) Where the Commissioners register a person under the IOSS scheme who is an IOSS representative the Commissioners must also register under the IOSS scheme each person represented by the representative.
- (2) The Commissioners may, by means of a notice published by them, make further provision about registration under this Schedule.

Notification of changes etc

- 8 A notification under Article 57h of the Implementing Regulation (notification of certain changes) must be given by such electronic means, and in such manner, as the Commissioners may direct (by means of a notice published by them or otherwise) or may by regulations prescribe.

Cancellation of registration

- 9 The Commissioners must cancel the registration of a person (“P”) under the IOSS scheme if—
- (a) P has ceased to make, or no longer intends to make, qualifying supplies of goods and has notified the Commissioners of that fact,
 - (b) the Commissioners otherwise determine that P has ceased to make, or no longer intends to make, such supplies,
 - (c) P has ceased to satisfy any of the other conditions for registration in paragraph 4 and has notified the Commissioners of that fact,
 - (d) the Commissioners otherwise determine that P has ceased to satisfy any of those conditions,
 - (e) the Commissioners determine that P has persistently failed to comply with P's obligations in or under this Schedule or the Implementing Regulation, or
 - (f) any of the circumstances described in Article 369r(3)(a) to (e) of the VAT Directive occur in relation to P.

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PART 3

LIABILITY, RETURNS, PAYMENT ETC

Liability to pay VAT to Commissioners

- 10 (1) This paragraph applies where a person (“P”)—
- (a) makes a qualifying supply of goods, and
 - (b) is registered under the IOSS scheme when the supply is made.
- (2) P is liable to pay to the Commissioners the VAT on the supply under and in accordance with this Schedule.
- (3) The amount of VAT which a person is liable to pay on the supply is to be determined in accordance with sub-paragraphs (4) to (6), without any deduction of VAT pursuant to Article 168 of the VAT Directive.
- (4) If the supply is treated as made in the United Kingdom, the amount is the amount of VAT charged on the supply under this Act (see paragraph 34(2)) and that amount is to be regarded for the purposes of this Act as VAT charged in accordance with this Act.
- ^{F2}(5)
- (6) If the supply is treated as made in a member State, the amount is the amount of VAT charged on the supply in accordance with the law of that member State.

Textual Amendments

- F2** Sch. 9ZE para. 10(5) omitted (1.12.2021) by virtue of [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, 9

IOSS scheme returns

- 11 (1) A person (“P”) who is, or has been, registered under this Schedule must submit a return (an “IOSS scheme return”) to the Commissioners for each reporting period.
- (2) Each month for the whole or any part of which P is registered under this Schedule is a “reporting period” for P.

IOSS scheme returns: further requirements

- 12 (1) An IOSS scheme return is to be made out in sterling.
- (2) Any conversion from one currency into another for the purposes of sub-paragraph (1) is to be made using the exchange rates published by the European Central Bank—
- (a) for the last day of the reporting period to which the IOSS scheme return relates, or
 - (b) if no such rate is published for that day, for the next day for which such a rate is published.
- (3) An IOSS scheme return—
- (a) must be submitted to the Commissioners before the end of the calendar month following the month in which the last day of the reporting period to which it relates falls;

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- (b) must be submitted by such electronic means, and in such form and manner, as the Commissioners may direct (by means of a notice published by them or otherwise) or may by regulations require.

Payment

- 13 (1) A person who is required to submit an IOSS scheme return must pay, by the deadline for submitting the return, the amounts required in accordance with paragraph 10 in respect of qualifying supplies of goods made in the reporting period to which the return relates.
- (2) A payment under this paragraph must be made in such manner as the Commissioners may direct (by means of a notice published by them or otherwise) or may by regulations require.

Availability of records ^{F3}: persons registered under the IOSS scheme

Textual Amendments

- F3** Words in Sch. 9ZE para. 14 heading inserted (1.12.2021) by The Value Added Tax (Distance Selling and Miscellaneous Amendments) Regulations 2021 (S.I. 2021/1164), regs. 1, **10(2)**

- 14 (1) A person (“P”) who is registered under the IOSS scheme must [^{F4}keep and] make available to the Commissioners, on request, ^{F5}... obligatory records ^{F6}....
- (2) The records must be made available by electronic means.
- (3) In sub-paragraph (1) “obligatory records” means records [^{F7}, of transactions entered into by P covered by the scheme, containing the information referred to in Article 63c(2) of the Implementing Regulation.]

Textual Amendments

- F4** Words in Sch. 9ZE para. 14(1) inserted (1.12.2021) by The Value Added Tax (Distance Selling and Miscellaneous Amendments) Regulations 2021 (S.I. 2021/1164), regs. 1, **10(3)(a)**
- F5** Word in Sch. 9ZE para. 14(1) omitted (1.12.2021) by virtue of The Value Added Tax (Distance Selling and Miscellaneous Amendments) Regulations 2021 (S.I. 2021/1164), regs. 1, **10(3)(b)**
- F6** Words in Sch. 9ZE para. 14(1) omitted (1.12.2021) by virtue of The Value Added Tax (Distance Selling and Miscellaneous Amendments) Regulations 2021 (S.I. 2021/1164), regs. 1, **10(3)(c)**
- F7** Words in Sch. 9ZE para. 14(3) substituted (1.12.2021) by The Value Added Tax (Distance Selling and Miscellaneous Amendments) Regulations 2021 (S.I. 2021/1164), regs. 1, **10(4)**

Amounts required to be paid to member States

- 15 Section 44 of the Commissioners for Revenue and Customs Act 2005 (requirement to pay receipts into the Consolidated Fund) does not apply to any money received for or on account of VAT that is required to be paid to a member State under Article 46 of Council Regulation (EU) No 904/2010.

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PART 4

COLLECTION ETC OF UK VAT

Assessments: general modifications of section 73

- 16 (1) For the purposes of this Schedule, section 73 (failure to make returns etc) is to be read as if—
- (a) the reference in subsection (1) of that section to returns required under this Act included relevant special scheme returns, ^{F8} ...
 - (b) references in that section to a prescribed accounting period included a tax period [^{F9}, and
 - (c) references in that section to a VAT credit included a repayment to persons who are not taxable persons of an amount of VAT paid under and in accordance with this Schedule.]
- (2) See also the modifications in paragraph 17.
- (3) In this Schedule “relevant special scheme return” means a special scheme return (see paragraph 43(1)) that is required to be made (wholly or partly) in respect of qualifying supplies of goods that are treated as made in the United Kingdom.

Textual Amendments

- F8** Word in Sch. 9ZE para. 16(1)(a) omitted (1.4.2022) by virtue of [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **17(a)**
- F9** Sch. 9ZE para. 16(1)(c) and word inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **17(b)**

Assessments in connection with increase in consideration: modifications

- 17 (1) Sub-paragraphs (2) to (4) make modifications of sections 73 and 76 which—
- (a) have effect for the purposes of this Schedule, and
 - (b) are in addition to any other modifications of those sections made by this Schedule.
- (2) Section 73 has effect as if, after subsection (3), there were inserted—
- “(3A) Where a person has failed to make an amendment or notification that the person is required to make under paragraph 27 of Schedule 9ZE in respect of an increase in the consideration for a UK supply (as defined in paragraph 27(7)), the Commissioners may assess the amount of VAT due from the person as a result of the increase to the best of their judgement and notify it to the person.
- (3B) An assessment under subsection (3A)—
- (a) is of VAT due for the tax period mentioned in paragraph 27(1)(a) of Schedule 9ZE;
 - (b) must be made within the time limits provided for in section 77, and must not be made after the end of the period of—

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- (i) 2 years after the end of the tax period referred to in paragraph 27(1)(a), or if later,
 - (ii) one year after evidence of facts sufficient in the opinion of the Commissioners to justify making the assessment comes to their knowledge.
- (3C) Subject to section 77, where further evidence such as is mentioned in subsection (3B)(b)(ii) comes to the Commissioners' knowledge after they have made an assessment under subsection (3A), another assessment may be made under that subsection, in addition to any earlier assessment.”
- (3) The reference in section 73(9) to subsection (1) of that section is taken to include a reference to section 73(3A) (treated as inserted by sub-paragraph (2)).
- (4) Section 76 (assessment of amounts due by way of penalty, interest or surcharge is to be read as if the reference in subsection (5) of that section to section 73(1) included a reference to section 73(3A) (treated as inserted by sub-paragraph (2)).

Assessments: consequential modifications

- 18 References to prescribed accounting periods in the following provisions are to be read in accordance with the modifications made by paragraphs 16 and 17—
- (a) section 74 (interest on VAT recovered or recoverable by assessment);
 - (b) section 76 (assessment of amounts due by way of penalty, interest or surcharge);
 - (c) section 77 (assessments: time limits etc).

*Deemed amendments of relevant [F10] special scheme returns]***Textual Amendments**

F10 Words in [Sch. 9ZE para. 19](#) heading substituted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, 18

- 19 (1) Where a person who has made a relevant special scheme return makes a claim under paragraph 25(7)(b) (overpayments) in relation to an error in the return, the relevant special scheme return is taken for the purposes of this Act to have been amended by the information in the claim.
- (2) Where a person who has made a relevant special scheme return gives the Commissioners a notice relating to the return under paragraph 27(2)(b) (increase or decrease in consideration), the relevant special scheme return is taken for the purposes of this Act to have been amended by that information.
- (3) Where (in a case not falling within sub-paragraph (1) or (2)) a person who has made a relevant special scheme return notifies the Commissioners (after the expiry of the period during which the special scheme return may be amended under Article 61 of the Implementing Regulation) of a change that needs to be made to the return to correct an error, or rectify an omission, in it, the relevant special scheme return is taken for the purposes of this Act to have been amended by that information.

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Interest on VAT: “reckonable date”

- 20 (1) Sub-paragraph (2) states the “reckonable date” for the purposes of section 74(1) and (2) for any case where an amount carrying interest under that section—
- (a) is an amount assessed under section 73(2) (refunds etc) in reliance on paragraph 16, or that could have been so assessed, and
 - (b) was correctly paid or credited to the person, but would not have been paid or credited to the person had the facts been as they later turn out to be.
- (2) The “reckonable date” is the first day after the end of the tax period in which the events occurred as a result of which the Commissioners were authorised to make the assessment (that was or could have been made) under section 73(2).
- (3) Sub-paragraph (4) states the “reckonable date” for any other case where an amount carrying interest under section 74 is assessed under section 74(1) or (2) in reliance on paragraph 16, or could have been so assessed.
- (4) The “reckonable date” is taken to be the latest date by which a [F11relevant special scheme return] was required to be made for the tax period to which the amount assessed relates.
- (5) Where section 74(1) or (2) (interest on VAT recovered or recoverable by assessment) applies in relation to an amount assessed under section 73(3A) (treated as inserted by paragraph 17(2)), the “reckonable date” for the purposes of section 74(1) or (2) is taken to be the day after the end of the tax period referred to in paragraph 27(2).

Textual Amendments

F11 Words in Sch. 9ZE para. 20(4) substituted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, 19

Default surcharge: notice of special surcharge period

- 21 (1) A person who is required to make a relevant special scheme return for a tax period is regarded for the purposes of this paragraph and paragraph 22 as being in default in respect of that period if either—
- (a) conditions 1A and 2A are met, or
 - (b) conditions 1B and 2B are met,
- (but see also paragraph 23).
- (2) The conditions are as follows—
- (a) condition 1A is that [F12the Commissioners or] the tax authorities for the administering member State [F13(as the case may be)] have not received the return by the deadline for submitting it;
 - (b) condition 2A is that [F14the Commissioners or] those tax authorities [F15(as the case may be)] have, in accordance with Article 60a of the Implementing Regulation, issued a reminder of the obligation to submit the return;
 - (c) condition 1B is that, by the deadline for submitting the return, [F16the Commissioners or] those tax authorities [F17(as the case may be)] have received the return but have not received the amount of VAT shown on the return as payable by the person in respect of the tax period;

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- (d) condition 2B is that [^{F18}the Commissioners or] those tax authorities [^{F19}(as the case may be)] have, in accordance with Article 60a of the Implementing Regulation, issued a reminder of the VAT outstanding.
- (3) The Commissioners may serve on a person who is in default in respect of a tax period a notice (a “special surcharge liability notice”) specifying a period—
 - (a) ending on the first anniversary of the last day of that tax period, and
 - (b) beginning on the date of the notice.
- (4) A period specified under sub-paragraph (3) is a “special surcharge period”.
- (5) If a special surcharge liability notice is served in respect of a tax period which ends on or before the day on which an existing special surcharge period ends, the special surcharge period specified in that notice must be expressed as a continuation of the existing special surcharge period (so that the existing period and its extension are regarded as a single special surcharge period).

Textual Amendments

- F12** Words in Sch. 9ZE para. 21(2)(a) inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **20(a)(i)**
- F13** Words in Sch. 9ZE para. 21(2)(a) inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **20(a)(ii)**
- F14** Words in Sch. 9ZE para. 21(2)(b) inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **20(b)(i)**
- F15** Words in Sch. 9ZE para. 21(2)(b) inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **20(b)(ii)**
- F16** Words in Sch. 9ZE para. 21(2)(c) inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **20(c)(i)**
- F17** Words in Sch. 9ZE para. 21(2)(c) inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **20(c)(ii)**
- F18** Words in Sch. 9ZE para. 21(2)(d) inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **20(d)(i)**
- F19** Words in Sch. 9ZE para. 21(2)(d) inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **20(d)(ii)**

Further default after service of notice

- 22 (1) If a person on whom a special surcharge liability notice has been served—
 - (a) is in default in respect of a tax period ending within the special surcharge period specified in (or extended by) that notice, and
 - (b) has outstanding special scheme VAT for that tax period,the person is to be liable to a surcharge of the amount given by sub-paragraph (2).
- (2) The surcharge is equal to whichever is the greater of—
 - (a) £30, and
 - (b) the specified percentage of the person's outstanding special scheme VAT for the tax period.
- (3) The specified percentage depends on whether the tax period is the first, second or third etc period in respect of which the person is in default and has outstanding special scheme VAT, and is—

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- (a) for the first such tax period, 2%;
 - (b) for the second such tax period, 5%;
 - (c) for the third such tax period, 10%;
 - (d) for each such tax period after the third, 15%.
- (4) “Special scheme VAT”, in relation to a person, means VAT that the person is liable to pay to [^{F20}the Commissioners or] the tax authorities for the administering member State [^{F21}(as the case may be)] under a special scheme in respect of qualifying supplies of goods treated as made in the United Kingdom.
- (5) A person has “outstanding special scheme VAT” for a tax period if some or all of the special scheme VAT for which the person is liable in respect of that period has not been paid by the deadline for the person to submit a special scheme return for that period (and the amount unpaid is referred to in sub-paragraph (2)(b) as “the person’s outstanding special scheme VAT” for the tax period).

Textual Amendments

- F20** Words in Sch. 9ZE para. 22(4) inserted (1.4.2022) by The Value Added Tax (Enforcement Related to Distance Selling and Miscellaneous Amendments) Regulations 2022 (S.I. 2022/226), regs. 1, **21(a)**
- F21** Words in Sch. 9ZE para. 22(4) inserted (1.4.2022) by The Value Added Tax (Enforcement Related to Distance Selling and Miscellaneous Amendments) Regulations 2022 (S.I. 2022/226), regs. 1, **21(b)**

Default surcharge: exceptions for reasonable excuse etc

- 23 (1) A person who would otherwise have been liable to a surcharge under paragraph 22(1) is not to be liable to the surcharge if the person satisfies the Commissioners or, on appeal, the tribunal that, in the case of a default which is material to the surcharge—
- (a) the special scheme return or, as the case may be, the VAT shown on that return, was despatched at such a time and in such manner that it was reasonable to expect that it would be received by [^{F22}the Commissioners or] the tax authorities for the administering member State [^{F23}(as the case may be)] within the appropriate time limit, or
 - (b) there is a reasonable excuse for the return or the VAT not having been so despatched.
- (2) Where sub-paragraph (1) applies to a person—
- (a) the person is treated as not having been in default in respect of the tax period in question, and
 - (b) accordingly, any special surcharge liability notice the service of which depended on that default is regarded as not having been served.
- (3) A default is “material” to a surcharge if—
- (a) it is the default which gives rise to the surcharge, under paragraph 22(1), or
 - (b) it is a default which was taken into account in the service of the special surcharge liability notice on which the surcharge depends and the person concerned has not previously been liable to a surcharge in respect of a tax period ending within the special surcharge period specified in or extended by that notice.
- (4) A default is left out of account for the purposes of paragraphs 21(3) and 22(1) if—

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- (a) the conduct by virtue of which the person is in default is also conduct falling within section 69(1) (breaches of regulatory provisions), and
 - (b) by reason of that conduct the person concerned is assessed to a penalty under that section.
- (5) If the Commissioners, after consultation with the Treasury, so direct, a default in respect of a tax period specified in the direction is to be left out of account for the purposes of paragraphs 21(3) and 22(1).
- (6) Section 71(1) (meaning of “reasonable excuse”) applies for the purposes of this paragraph as it applies for the purposes of sections 59 to 70.

Textual Amendments

- F22** Words in Sch. 9ZE para. 23(1)(a) inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **22(a)**
- F23** Words in Sch. 9ZE para. 23(1)(a) inserted (1.4.2022) by [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **22(b)**

Interest in certain cases of official error

- 24 (1) Section 78 (interest in certain cases of official error) applies as follows in relation to a case where, due to an error on the part of the Commissioners—
- (a) a person has accounted under a special scheme for an amount by way of UK VAT that was not UK VAT due from the person, and as a result the Commissioners are liable under paragraph 25 to pay (or repay) an amount to the person, or
 - (b) (in a case not falling within paragraph (a)), a person has paid, in accordance with an obligation under a special scheme, an amount by way of UK VAT that was not UK VAT due from the person and which the Commissioners are in consequence liable to repay to the person.
- (2) Section 78 has effect as if the condition in section 78(1)(a) were met in relation to that person.
- (3) In the application of section 78 as a result of this paragraph, section 78(12)(b) is read as providing that any reference in that section to a return is to a return required to be made under a ^{F24}... special scheme.
- (4) In section 78, as it applies as a result of this section, “output tax” has the meaning that expression would have if the reference in section 24(2) to a “taxable person” were to a “person”.

Textual Amendments

- F24** Word in Sch. 9ZE para. 24(3) omitted (1.4.2022) by virtue of [The Value Added Tax \(Enforcement Related to Distance Selling and Miscellaneous Amendments\) Regulations 2022 \(S.I. 2022/226\)](#), regs. 1, **23**

Overpayments

- 25 (1) A person may make a claim if the person—

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- (a) has made a special scheme return for a tax period relating wholly or partly to qualifying supplies of goods treated as made in the United Kingdom,
 - (b) has accounted to the tax authorities for the administering member State for VAT in respect of those supplies, and
 - (c) in doing so has brought into account as UK VAT due to those authorities an amount (“the overpaid amount”) that was not UK VAT due to them.
- (2) A person may make a claim if the person has, as a participant in a special scheme, paid (to the tax authorities for the administering member State or to the Commissioners) an amount by way of UK VAT that was not UK VAT due (“the overpaid amount”), otherwise than in the circumstances mentioned in sub-paragraph (1)(c).
- (3) A person who is or has been a participant in a special scheme may make a claim if the Commissioners—
- (a) have assessed the person to VAT for a tax period, and
 - (b) in doing so, have brought into account as VAT an amount (“the amount not due”) that was not VAT due.
- (4) Where a person makes a claim under sub-paragraph (1) or (2), the Commissioners must repay the overpaid amount to the person.
- (5) Where a person makes a claim under sub-paragraph (3), the Commissioners must credit the person with the amount not due.
- (6) Where—
- (a) as a result of a claim under sub-paragraph (3) an amount is to be credited to a person, and
 - (b) after setting any sums against that amount under or by virtue of this Act, some or all of the amount remains to the person's credit,
- the Commissioners must pay (or repay) to the person so much of the amount as remains to the person's credit.
- (7) The reference in sub-paragraph (1) to a claim is to a claim made—
- (a) by correcting, in accordance with Article 61 of the Implementing Regulation, the error in the special scheme return mentioned in sub-paragraph (1)(a), or
 - (b) (after the expiry of the period during which the special scheme return may be amended under Article 61) to the Commissioners.
- (8) Sub-paragraphs (1) and (2) do not require any amount to be repaid except to the extent that is required by Article 63 of the Implementing Regulation.

Overpayments: supplementary

- 26 (1) In section 80 (credit for, or repayment of, overstated or overpaid VAT), subsections (3) to (3C) (unjust enrichment) and (4A), (4C) and (6) (recovery by assessment of amounts wrongly credited) have effect as if—
- (a) a claim—
 - (i) under paragraph 25(1) were a claim under section 80(1),
 - (ii) under paragraph 25(2) were a claim under section 80(1B), and
 - (iii) under paragraph 25(3) were a claim under section 80(1A);
 - (b) references in that section to a prescribed accounting period included a tax period.

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- (2) In section 80(3) to (3C), (4A), (4C) and (6), as modified by sub-paragraph (1), references to the crediting of amounts are to be read as including the payment of amounts.
- (3) The Commissioners are not liable to repay the overpaid amount on a claim made—
- (a) under paragraph 25(2), or
 - (b) as mentioned in paragraph 25(7)(b),
- if the claim is made more than 4 years after the relevant date.
- (4) On a claim made under paragraph 25(3), the Commissioners are not liable to credit the amount not due if the claim is made more than 4 years after the relevant date.
- (5) The “relevant date” is—
- (a) in the case of a claim under paragraph 25(1), the end of the tax period mentioned in paragraph 25(1)(a), except in the case of a claim resulting from an incorrect disclosure;
 - (b) in the case of a claim under paragraph 25(1) resulting from an incorrect disclosure, the end of the tax period in which the disclosure was made;
 - (c) in the case of a claim under paragraph 25(2), the date on which the payment was made;
 - (d) in the case of a claim under paragraph 25(3), the end of the quarter in which the assessment was made.
- (6) A person makes an “incorrect disclosure” where—
- (a) the person discloses to the tax authorities in question (whether the Commissioners or the tax authorities for the administering member State) that the person has not brought into account for a tax period an amount of UK VAT due for the period (“the disclosed amount”),
 - (b) the disclosure is made in a later tax period, and
 - (c) some or all of the disclosed amount is not in fact VAT due.

Increase or decrease in consideration for a supply

- 27 (1) This paragraph applies where—
- (a) a person makes a special scheme return for a tax period (“the affected tax period”) relating (wholly or partly) to a UK supply, and
 - (b) after the return has been made the amount of the consideration for the UK supply increases or decreases.
- (2) The person must, in the tax period in which the increase or decrease is accounted for in the person's business accounts—
- (a) amend the special scheme return to take account of the increase or decrease, or
 - (b) (if the period during which the person is entitled under Article 61 of the Implementing Regulation to amend the special scheme return has expired) notify the Commissioners of the adjustment needed to the figures in the special scheme return because of the increase or decrease.
- (3) Where the change to which an amendment or notice under sub-paragraph (2) relates is an increase in the consideration for a UK supply, the person must pay to the tax authorities for the administering member State (in accordance with Article 62 of

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the Implementing Regulation) or, in a case falling within sub-paragraph (2)(b), the Commissioners, the difference between—

- (a) the amount of VAT that was chargeable on the supply before the increase in consideration, and
 - (b) the amount of VAT that is chargeable in respect of the whole of the increased consideration for the supply.
- (4) Where the change to which an amendment or notice under sub-paragraph (2) relates is a decrease in the consideration for a UK supply, the amendment or notice has effect as a claim; and where a claim is made the Commissioners must repay any VAT paid by the person that would not have been VAT due from the person had the consideration for the supply always been the decreased amount.
- (5) The Commissioners may by regulations specify—
- (a) the latest time by which, and the form and manner in which, a claim or other notice under sub-paragraph (2)(b) must be given;
 - (b) the latest time by which, and the form in which, a payment under sub-paragraph (3) must be made in a case within sub-paragraph (2)(b).
- (6) A payment made under sub-paragraph (3) in a case within sub-paragraph (2)(a) must be made before the end of the tax period referred to in sub-paragraph (2).
- (7) In this paragraph “UK supply” means a qualifying supply of goods that is treated as made in the United Kingdom.

Bad debts

- 28 Where a participant in a special scheme—
- (a) has submitted a special scheme return to the tax authorities for the administering member State, and
 - (b) amends the return to take account of the writing-off as a bad debt of the whole or part of the consideration for a qualifying supply of goods that is treated as made in the United Kingdom,
- the amending of the return may be treated as the making of a claim to the Commissioners for the purposes of section 36(2) (bad debts: claim for refund of VAT).

Penalties for errors: disclosure

- 29 Where a person corrects a special scheme return in a way that constitutes telling the tax authorities for the administering member State about—
- (a) an inaccuracy in the return,
 - (b) a supply of false information, or
 - (c) a withholding of information,
- the person is regarded as telling HMRC about that for the purposes of paragraph 9 of Schedule 24 to the Finance Act 2007 (reductions for disclosure).

Set-offs

- 30 Where a participant in a special scheme is liable to pay UK VAT to the tax authorities for the administering member State in accordance with the scheme, the UK VAT

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is regarded for the purposes of section 130(6) of the Finance Act 2008 (set-off) as payable to the Commissioners.

^{F25} Availability of records: participants in a special scheme (other than the IOSS scheme)

Textual Amendments

F25 Sch. 9ZE para. 30A and cross-heading inserted (1.12.2021) by The Value Added Tax (Distance Selling and Miscellaneous Amendments) Regulations 2021 (S.I. 2021/1164), regs. 1, 11

- 30A. (1) A person (“P”) who is a participant in a special scheme (other than the IOSS scheme) must keep and make available to the Commissioners, on request, obligatory records.
- (2) The records must be made available by electronic means.
- (3) In sub-paragraph (1) “obligatory records” means records, of transactions entered into by P covered by the scheme, containing the information referred to in Article 63c(2) of the Implementing Regulation.]

PART 5

IOSS REPRESENTATIVES

Eligibility and representation

- 31 (1) A person may register as an IOSS representative for the purposes of the IOSS scheme if the person is established in Northern Ireland.
- (2) A person may not be represented by more than one IOSS representative at a time.

Register

- 32 (1) Before a person (“R”) can be registered as an IOSS representative, R must provide to the Commissioners the information required by Article 369p(2) and (3) of the VAT Directive.
- (2) The Commissioners may by regulations or by means of a notice published by them make further provision about the registration of a person as an IOSS representative.
- (3) The provision that may be made under sub-paragraph (2) includes provision—
- (a) requiring the registration of the names of IOSS representatives against the names of the person (or persons) they represent in the register kept for the purposes of this Schedule;
 - (b) imposing requirements to be met before a person may be registered in that register as an IOSS representative or before such registration may be cancelled;
 - (c) making it the duty of an IOSS representative, for the purposes of registration, to notify the Commissioners, within such period as may be prescribed, that the representative's appointment has taken effect or has ceased to have effect;
 - (d) allowing the Commissioners to refuse to register a person as an IOSS representative, or to cancel a person's registration as an IOSS representative, in such circumstances as may be specified in the regulations;

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- (e) as to the manner and circumstances in which a person is to be appointed, or is to be treated as having ceased to be, an IOSS representative;
- (f) about the making or deletion of entries relating to IOSS representatives in the register kept for the purposes of this Schedule.

Duties and obligations

- 33 Where a person registered under the IOSS scheme (“P”) is represented by an IOSS representative (“R”), R—
- (a) may act on P's behalf in relation to the IOSS scheme,
 - (b) must secure (where appropriate by acting on P's behalf) P's compliance with and discharge of the obligations and liabilities to which P is subject by virtue of or under this Schedule, and
 - (c) is personally liable in respect of—
 - (i) any failure to secure P's compliance with or discharge of any such obligation or liability, and
 - (ii) anything done for purposes connected with acting on P's behalf, as if the obligations and liabilities imposed on P were imposed jointly and severally on R and P.

PART 6

SUPPLEMENTARY PROVISION

Registration under this Act

- 34 (1) Notwithstanding any provision in this Act to the contrary (apart from paragraph 1(1A) of Schedule 1 as it has effect in accordance with paragraph 7 of Schedule 9ZF), a participant in a special scheme is not required to be registered under this Act by virtue of making qualifying supplies of goods.
- (2) Where a participant in a special scheme (“the scheme participant”) makes relevant supplies, it is to be assumed for all purposes of this Act relating to the determination of—
- (a) whether or not VAT is chargeable under this Act on those supplies,
 - (b) how much VAT is chargeable under this Act on those supplies, and
 - (c) any other matter that the Commissioners may specify by regulations,
- that the scheme participant is registered under this Act.
- (3) [^{F26}A supply made by a participant in a special scheme is a “relevant supply” if—]
- (a) the value of the [^{F27}supply] must be accounted for in a special scheme return, and
 - (b) the [^{F28}supply is] treated as made in the United Kingdom.
- (4) References in this Schedule to a person being registered under this Act do not include a reference to that person being registered under the IOSS scheme.

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Textual Amendments

- F26** Words in Sch. 9ZE para. 34(3) substituted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **12(a)**
- F27** Word in Sch. 9ZE para. 34(3)(a) substituted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **12(b)**
- F28** Words in Sch. 9ZE para. 34(3)(b) substituted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **12(c)**

De-registration

- 35 Where a person (“P”) who is registered under Schedule 1 or 1A solely by virtue of the fact that P makes or intends to make qualifying supplies of goods satisfies the Commissioners that P intends to apply for—
- (a) registration under this Schedule, or
 - (b) identification under any provision of the law of a member State which implements Section 4 of Chapter 6 of Title XII of the VAT Directive,
- the Commissioners may, if P so requests, cancel P's registration under Schedule 1 or, as the case may be, 1A with effect from the day on which the request is made or from such later date as may be agreed between P and the Commissioners.

Scheme participants who are also registered under this Act

- 36 (1) A person who—
- (a) is a participant in a special scheme, and
 - (b) is also registered, or required to be registered, under this Act,
- is not required to discharge any obligation placed on the person as a taxable person, so far as the obligation relates to relevant supplies unless the obligation is an input tax obligation.
- (2) The reference in sub-paragraph (1) to an obligation placed on the person as a taxable person is to an obligation—
- (a) to which the person is subject under or by virtue of this Act, and
 - (b) to which the person would not be subject if the person were neither registered nor required to be registered under this Act.
- (3) A supply made by a participant in a special scheme is a “relevant supply” if—
- (a) the value of the supply must be accounted for in a return required to be made by the participant under the special scheme, and
 - (b) the supply is treated as made in the United Kingdom.
- (4) In section 25(2) (deduction of input tax from output tax by a taxable person) the reference to output tax that is due from the taxable person does not include any VAT that the taxable person is liable under a special scheme to pay to the tax authorities for the administering member State.
- (5) In this paragraph, “input tax obligation” means an obligation imposed on a taxable person relating to a claim to deduct under section 25(2) or to the payment of a VAT credit.

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[^{F29}No VAT chargeable on supplies by special scheme participants not registered for VAT

Textual Amendments

F29 Sch. 9ZE para. 36A and cross-heading inserted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **13**

- 36A. Where a person (“P”)—
- (a) has a business establishment, or some other fixed establishment, in the United Kingdom or the Isle of Man in relation to a business carried on by P,
 - (b) makes a qualifying supply of goods that is treated as made in the United Kingdom,
 - (c) is a participant in a special scheme when the supply is made, and
 - (d) is not registered, or liable to be registered, under Schedule 1,
- no VAT is chargeable on the supply under this Act.]

No import VAT chargeable on qualifying supplies of goods

- 37 [No charge to VAT occurs on the importation of goods into the United Kingdom as a ^{F30}(1)] result of their entry into Northern Ireland, or their removal to Northern Ireland from Great Britain [^{F31}or the Isle of Man], where—
- (a) that importation [^{F32}or removal] is in the course of a supply of those goods which is a qualifying supply of goods, and
 - (b) the person making the supply is [^{F33}a participant in a special scheme].
- ^{F34}(2) The Commissioners may by means of a notice published by them make provision about the procedures that must be followed or the conditions that must be complied with to satisfy them that an importation or removal falls within sub-paragraph (1).]

Textual Amendments

F30 Sch. 9ZE para. 37 renumbered as Sch. 9ZE para. 37(1) (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **14(2)**

F31 Words in Sch. 9ZE para. 37(1) inserted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **14(3)**

F32 Words in Sch. 9ZE para. 37(1)(a) inserted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **14(4)**

F33 Words in Sch. 9ZE para. 37(1)(b) substituted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **14(5)**

F34 Sch. 9ZE para. 37(2) inserted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **14(6)** (with reg. 36)

Time and place of supply of goods

- 38 (1) Sub-paragraphs (3) and (4) apply (instead of sections 6 and 7) for the purposes of determining when and where a supply of goods within sub-paragraph (2) takes place.
- (2) A supply of goods is within this sub-paragraph where—
- (a) the supply of those goods is a qualifying supply of goods,
 - (b) the supply is not facilitated by an online marketplace,

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- (c) the person making the supply is [^{F35}a participant in a special scheme], and
 - (d) the goods are supplied to a person in Northern Ireland or a member State.
- (3) The supply of goods is to be treated as taking place at the time when payment for the goods has been accepted, within the meaning of Article 61b of the Implementing Regulation.
- (4) The goods are to be treated as supplied—
- (a) in the case of goods supplied to a person in Northern Ireland, in the United Kingdom;
 - (b) in the case of goods supplied to a person in a member State, in that member State.

Textual Amendments

F35 Words in Sch. 9ZE para. 38(2)(c) substituted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **15**

Place of supply of goods: supplies facilitated by online marketplaces

39 ^{F36}(1)

^{F37}(2)

- (3) Sub-paragraph (4) applies (instead of section 7) to a supply of goods deemed to have taken place by section 5B(2)(a) where the operator of the online marketplace that facilitated the supply of goods from P to R (within the meaning of that section) is [^{F38}a participant in a special scheme].
- (4) The supply of goods is to be treated as taking place outside the United Kingdom.
- (5) Sub-paragraph (6) applies (instead of section 7) to a supply of goods deemed to have taken place by section 5B(2)(b) where the operator of the online marketplace that facilitated the supply of goods from P to R (within the meaning of that section) is [^{F39}a participant in a special scheme].
- (6) The supply of goods is to be treated as taking place in the United Kingdom.

Textual Amendments

F36 Sch. 9ZE para. 39(1) omitted (1.12.2021) by virtue of [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **16(2)**

F37 Sch. 9ZE para. 39(2) omitted (1.12.2021) by virtue of [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **16(2)**

F38 Words in Sch. 9ZE para. 39(3) substituted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **16(3)**

F39 Words in Sch. 9ZE para. 39(5) substituted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **16(3)**

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VAT representatives

- 40 Section 48(1ZA) (VAT representatives) does not permit the Commissioners to direct a participant in a special scheme to appoint a VAT representative.

Refund of UK VAT

- 41 (1) Part 21 of the Value Added Tax Regulations 1995 (S.I. 1995/2518) has effect in relation to a [^{F40}participant in a special scheme] as it applies to a trader (within the meaning of those Regulations) subject to the following modifications.
- (2) Regulation 186 (repayments of VAT) has effect as if after “imported by him into the United Kingdom” there were inserted “by virtue of their entry into Northern Ireland”.
- (3) That Part has effect as if regulations 187, 188(1) and 188(2)(b) were omitted (VAT representatives and persons to whom Part 21 applies).

Textual Amendments

F40 Words in Sch. 9ZE para. 41(1) substituted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, 17

PART 7

APPEALS

Appeals

- 42 (1) An appeal lies to the tribunal with respect to any of the following—
- (a) a refusal to register a person under the IOSS scheme;
 - (b) the cancellation of the registration of any person under the IOSS scheme;
 - (c) a refusal to make a repayment under paragraph 25 (overpayments), or a decision by the Commissioners as to the amount of a repayment due under that provision;
 - (d) a refusal to make a repayment under paragraph 27(4) (decrease in consideration);
 - (e) any liability to a surcharge under paragraph 22 (default surcharge).
- (2) Part 5 of this Act (reviews and appeals), and any order or regulations under that Part, have effect as if an appeal under this paragraph were an appeal which lies to the tribunal under section 83(1) (but not under any particular paragraph of that subsection).
- (3) Where the Commissioners have made an assessment under section 73 in reliance on paragraph 16 or 17—
- (a) section 83(1)(p)(i) (appeals against assessments under section 73(1) etc) applies as if the special scheme return were a return under this Act, and
 - (b) the references in section 84(3) and (5) to the matters mentioned in section 83(1)(p) are to be read accordingly.

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Changes to legislation: There are currently no known outstanding effects for the Value Added Tax Act 1994, SCHEDULE 9ZE. (See end of Document for details)

PART 8

INTERPRETATION

Interpretation

43 (1) In this Schedule—

“administering member State”, in relation to a special scheme, means the member State under whose law the scheme is established;

“the Implementing Regulation” means Council Implementing Regulation (EU) No 282/2011;

“IOSS scheme” has the meaning given by paragraph 1(a);

“IOSS scheme return” has the meaning given by paragraph 11(1);

“participant in a special scheme” means a person who—

(a) is registered under the IOSS scheme, or

(b) is identified under any provision of the law of a member State which implements Section 4 of Chapter 6 of Title XII of the VAT Directive;

“qualifying supply of goods” has the meaning given by paragraph 2;

“registration request” is to be construed in accordance with paragraph 5(1)(b);

“relevant special scheme return” has the meaning given by paragraph 16(3);

“reporting period” is to be read in accordance with paragraph 11(2);

“special scheme” means—

(a) [^{F41}the IOSS scheme, or]

(b) any other scheme, under the law of a member State, implementing Section 4 of Chapter 6 of Title XII of the VAT Directive;

“special scheme return” means—

(a) an IOSS scheme return, or

(b) a value added tax return submitted to the tax authorities of a member State;

“tax period” means—

(a) a reporting period (under the accounting scheme under this Schedule), or

(b) any other period for which a person is required to make a return under a special scheme;

“UK VAT” means VAT which a person is liable to pay (whether in the United Kingdom or a member State) in respect of qualifying supplies treated as made in the United Kingdom at a time when the person is or was a participant in a special scheme;

“value added tax return”, in relation to a member State, means any value added tax return required to be submitted under any provision of the law of that member State which implements Article 369s of the VAT Directive;

“the VAT Directive” means Council Directive [2006/112/EC](#) of 28 November 2006 on the common system of value added tax.

(2) References in this Schedule to qualifying supplies of goods being “treated as made”—

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- (a) in the United Kingdom are to their being treated as made in the United Kingdom by paragraph 38 or 39;
- (b) in a member State are to their being treated as made in that member State by virtue of any provision of the law of that member State which gives effect to Article 33(c) of the VAT Directive.]

Textual Amendments

F41 Words in Sch. 9ZE para. 43(1) substituted (1.12.2021) by [The Value Added Tax \(Distance Selling and Miscellaneous Amendments\) Regulations 2021 \(S.I. 2021/1164\)](#), regs. 1, **18**

Status:

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Changes to legislation:

There are currently no known outstanding effects for the Value Added Tax Act 1994, SCHEDULE 9ZE.