



Value Added Tax Act 1994

1994 CHAPTER 23

PART IV

ADMINISTRATION, COLLECTION AND ENFORCEMENT

[^{F1}Liability for unpaid VAT of another

[^{F1}77A Joint and several liability of traders in supply chain where tax unpaid

- (1) This section applies to goods of any of the following descriptions—
 - (a) telephones and any other equipment, including parts and accessories, made or adapted for use in connection with telephones or telecommunication;
 - (b) computers and any other equipment, including parts, accessories and software, made or adapted for use in connection with computers or computer systems.
- (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

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Changes to legislation: There are currently no known outstanding effects for the Value Added Tax Act 1994, Section 77A. (See end of Document for details)

- (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).
- (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.
- (9) The Treasury may by order amend subsection (1) above; and any such order 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

F1 S. 77A and cross-heading inserted (retrospective to 10.4.2003) by [Finance Act 2003 \(c. 14\), s. 18\(1\)\(4\)](#)

Status:

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