



Finance Act 2003

2003 CHAPTER 14

PART 2

VALUE ADDED TAX

17 Requirement of evidence or security

- (1) The Value Added Tax Act 1994 (c. 23) is amended as follows.
- (2) In section 24(6)(a) (regulations about input tax etc: requirement of documentary evidence) after “documents” insert “or other information”.
- (3) In paragraph 4 of Schedule 11 (power to require security and production of documents) for sub-paragraph (1) substitute—
 - “(1) The Commissioners may, as a condition of allowing or repaying input tax to any person, require the production of such evidence relating to VAT as they may specify.
 - (1A) If they think it necessary for the protection of the revenue, the Commissioners may require, as a condition of making any VAT credit, the giving of such security for the amount of the payment as appears to them appropriate.”.
- (4) For sub-paragraph (2) of that paragraph substitute—
 - “(2) If they think it necessary for the protection of the revenue, the Commissioners may require a taxable person, as a condition of his supplying or being supplied with goods or services under a taxable supply, to give security, or further security, for the payment of any VAT that is or may become due from—
 - (a) the taxable person, or
 - (b) any person by or to whom relevant goods or services are supplied.
 - (3) In sub-paragraph (2) above “relevant goods or services” means goods or services supplied by or to the taxable person.

Status: This is the original version (as it was originally enacted).

- (4) Security under sub-paragraph (2) above shall be of such amount, and shall be given in such manner, as the Commissioners may determine.
- (5) The powers conferred on the Commissioners by sub-paragraph (2) above are without prejudice to their powers under section 48(7).”.
- (5) In section 72(11) (penalty for supplying goods in contravention of paragraph 4(2) of Schedule 11) after “supplies” insert “or is supplied with”.
- (6) In section 83(1) (right of appeal against requirement of security under paragraph 4(2) of Schedule 11 etc) for “paragraph 4(2)” substitute “paragraph 4(1A) or (2)”.
- (7) In section 84 (further provisions relating to appeals) after subsection (4D) insert—
- “(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 the Commissioners satisfy 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.”.
- (8) This section shall be deemed to have come into force on 10th April 2003.