



Finance Act 2021

2021 CHAPTER 26

PART 3

OTHER TAXES

Value added tax

93 Temporary 12.5% reduced rate for hospitality and tourism sectors

- (1) The modifications made by Articles 3 and 4 of the Value Added Tax (Reduced Rate) (Hospitality and Tourism) (Coronavirus) Order 2020 (S.I. 2020/728) (“the Reduced Rate Order”) continue to have effect (despite Article 2 of that Order) during the relevant period.
- (2) During that period, in relation to a supply that is of a description within Groups 14 to 16 in Part 2 of Schedule 7A to VATA 1994, the reference in section 29A(1) of that Act to “5 per cent” is to be read as a reference to “12.5 per cent” (and any reference elsewhere in that Act to a rate of 5% in the context of a supply of a description specified in Schedule 7A is to be read accordingly).
- (3) The modifications made by Article 6 of the Reduced Rate Order also continue to have effect (despite Article 5 of that Order) during the relevant period, but subject to the modifications in subsection (4).
- (4) The modifications to Article 6 of the Reduced Rate Order mentioned in subsection (3) are—
 - (a) as if in paragraph (a), for “4.5” there were substituted “8.5”;
 - (b) as if in paragraph (b), for “0” there were substituted “5.5”;
 - (c) as if in paragraph (c), for “1” there were substituted “4”.
- (5) The relevant period means the period—
 - (a) beginning with the day after the day on which the modifications made by Articles 3, 4 and 6 of the Reduced Rate Order would otherwise cease to apply by virtue of the ending of the periods mentioned in Articles 2 and 5 of that

Status: This is the original version (as it was originally enacted).

- Order (whether in accordance with section 92 or any regulations made under section 26B or 29A(3) of VATA 1994), and
- (b) ending on 31 March 2022.
- (6) The Treasury may by regulations—
- (a) repeal subsections (1) to (5);
 - (b) amend subsection (5) so as to substitute for the period for the time being mentioned there such other period as they consider appropriate.
- (7) A statutory instrument containing regulations under subsection (6) that would increase the rate of value added tax to be charged on a supply must be laid before the House of Commons after being made and, unless approved by that House before the end of the period of 28 days beginning with the date on which the instrument is made, ceases to have effect at the end of that period.
- (8) Any other statutory instrument containing regulations under subsection (6) is subject to annulment in pursuance of a resolution of the House of Commons.
- (9) The fact that a statutory instrument ceases to have effect as a result of subsection (7) does not affect—
- (a) anything previously done under the instrument, or
 - (b) the making of a new instrument.
- (10) In calculating the period of 28 days mentioned in subsection (7), no account is to be taken of any time—
- (a) during which Parliament is dissolved or prorogued, or
 - (b) during which the House of Commons is adjourned for more than four days.