
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force as stipulated in regulation 1, further amend the Value Added Tax (General) Regulations 1985 (“the principal Regulations”).

Regulation 3 amends regulation 31 of the principal Regulations. As well as making a consequential amendment, this provides that the value of any supply specified in paragraph (3) of regulation 30 (the “standard method”) must similarly be excluded from calculations to attribute input tax that is not attributable wholly to taxable or exempt supplies which might otherwise be part of a method which the taxable person may have been allowed or directed to use under regulation 31 (“special methods”).

Regulation 4 amends regulation 32 of the principal Regulations by substitution. This provides that input tax on goods or services used or to be used in making supplies outside the United Kingdom or certain other supplies is to be attributed to taxable supplies on the basis of the actual use to which those goods or services are put. It further provides that where a taxable person makes both an incidental supply involving shares or other securities which is within Group 5 of Schedule 9 to the Value Added Tax Act 1994 and some other supply any input tax incurred on goods or services used in making those supplies shall be attributed to taxable supplies on the basis of the use to which the goods or services have been put.

Regulation 5 amends regulation 33A of the principal Regulations by providing for new de minimis limits whereby taxable persons who incur exempt input tax not exceeding those limits may treat themselves as making only taxable supplies.

Regulation 6 makes a consequential amendment to regulation 36A of the principal Regulations.