
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force when Royal Assent is granted to the Finance Bill 1995, further amend the Value Added Tax (General) Regulations 1985 (“the principal Regulations”) to provide special rules for dealing with VAT which may be chargeable on supplies between members of a group. Clause 25(2) of the Finance Bill 1995 will amend section 43 of the Value Added Tax Act 1994 by providing that supplies made by one of a number of companies treated as a group for VAT purposes to another such company are not to be disregarded unless the conditions specified in a new subsection (1A) of section 43 are satisfied.

Regulation 3 of these Regulations amends regulation 30(2) of the principal Regulations by providing that attribution of input tax on supplies which are not disregarded is to be made for the prescribed accounting period in which a new regulation 58ZA (see below) provides the VAT on such supplies is treated as chargeable (and not, as is the general rule, for the period in which the supply was made).

Regulation 4 of these Regulations inserts a new regulation 58ZA in the principal Regulations. This provides for any VAT chargeable on a supply which is not disregarded to be chargeable in the prescribed accounting period in which one or both of the parties to the supply leaves the group and not, as is the general rule, in the period in which the supply was made, unless those two periods are the same.