STATUTORY INSTRUMENTS

1995 No. 2518

The Value Added Tax Regulations 1995

[F1PART VII

ANNUAL ACCOUNTING

Textual Amendments

F1 Pt. 7 substituted (with effect in accordance with reg. 1 of the amending S.I.) by The Value Added Tax (Annual Accounting) Regulations 1996 (S.I. 1996/542), regs. 1, **3**

Interpretation of Part VII

49. In this Part—

"authorised person" means a person who has been authorised by the Commissioners in accordance with regulation 50(1), and "authorised" and "authorisation" shall be construed accordingly;

"transitional accounting period" means the period commencing on the first day of a person's prescribed accounting period in which the Commissioners authorise him to use the scheme, and ending on the day immediately preceding the first day of that person's first current accounting year, and is a prescribed accounting period within the meaning of section 25(1) of the Act;

"current accounting year" means the period of 12 months commencing on a date indicated by the Commissioners in their notification of authorisation of a person, or while a person remains authorised the most recent anniversary thereof, and is a prescribed accounting period within the meaning of section 25(1) of the Act;

"the scheme" means the annual accounting scheme established by regulations 50 and 51;

"credit transfer" means the transfer of funds from one bank account to another under a mandate given by the payer to the bank making the transfer;

[F2"the quarterly sum" means—

(a) in the case of a taxable person who has been registered for at least 12 months—

(i) immediately preceding the first day of his current accounting year, or

(ii) for the purposes of regulation 51, immediately preceding the first day of his transitional accounting period,

a sum equal to 25 per cent. of the total amount of VAT that he was liable to pay to the Commissioners in respect of those 12 months; or

(b) in any other case, a sum equal to 25 per cent. of the total amount of VAT that the Commissioners are satisfied he will be liable to pay to the Commissioners in respect of the next 12 months;**]**

"the agreed quarterly sum" means a sum agreed with the Commissioners, not being less than **[**F3 25 per cent**]** of a taxable person's estimated liability for VAT in his current accounting year;

[F4 "the monthly sum" means—

(a) in the case of a taxable person who has been registered for at least 12 months—

(i) immediately preceding the first day of his current accounting year, or

(ii) for the purposes of regulation 51, immediately preceding the first day of his transitional accounting period,

a sum equal to 10 per cent. of the total amount of VAT that he was liable to pay to the Commissioners in respect of those 12 months; or

(b) in any other case, a sum equal to 10 per cent. of the total amount of VAT that the Commissioners are satisfied he will be liable to pay to the Commissioners in respect of the next 12 months;**]**

"the agreed monthly sum" means a sum agreed with the Commissioners, not being less than 10 per cent of a taxable person's estimated liability for VAT, in his current accounting year;

"working day" means any day of the week other than Saturday, Sunday, a bank holiday or a public holiday;

"relevant quarterly date" means the last working day of the fourth and, where a period has such months, the seventh and the tenth months of a transitional accounting period;

"relevant monthly date" means the last working day of the fourth and each successive month of a transitional accounting period.

Textual Amendments

F2 Words in reg. 49 substituted (with effect in accordance with reg. 1(3) of the amending S.I.) by The Value Added Tax (Amendment) (No. 2) Regulations 2002 (S.I. 2002/1142), regs. 1(2), **3(a)**

F3 Words in reg. 49 substituted (with effect in accordance with reg. 1(3) of the amending S.I.) by The Value Added Tax (Amendment) (No. 2) Regulations 2002 (S.I. 2002/1142), regs. 1(2), **3(b)**

F4 Words in reg. 49 substituted (with effect in accordance with reg. 1(3) of the amending S.I.) by The Value Added Tax (Amendment) (No. 2) Regulations 2002 (S.I. 2002/1142), regs. 1(2), **3(c)**

Annual accounting scheme

50.—(1) The Commissioners may, subject to the requirements of this Part, authorise a taxable person to pay and account for VAT by reference to any transitional accounting period, and any subsequent current accounting year at such times, and for such amounts, as may be determined in accordance with the scheme.

(2) A taxable person authorised to pay and account for VAT in accordance with the scheme shall—

(a) pay to the Commissioners by credit transfer—

[F5 (i) where the taxable person and Commissioners agree to such payment pattern, the quarterly sum, or as the case may be the agreed quarterly sum, no later than the last working day of each of the fourth, seventh and tenth months of his current accounting year;**]**

(ii) in all other cases, the monthly sum, or as the case may be, the agreed monthly sum, in nine equal monthly instalments, commencing on the last working day of the fourth month of his current accounting year; and

(b) make by the last working day of the second month following the end of that current accounting year a return in respect of that year, together with any outstanding payment due to the Commissioners in respect of his liability for VAT for the current accounting year declared on that return.

F6(3) . . . .

51. An authorised person shall, where in any given case the transitional accounting period is—

(a) 4 months or more—

[F7(i) where the taxable person and Commissioners agree to such payment pattern, pay to the Commissioners by credit transfer on each relevant quarterly date the quarterly sum;**]** or

(ii) in all other cases, pay to the Commissioners by credit transfer on each relevant monthly date the monthly sum; and

(iii) make by the last working day of the second month following the end of his transitional accounting period a return in respect of that period, together with any outstanding payment due to the Commissioners in respect of his liability for VAT declared on that return; or

(b) less than 4 months, make by the last working day of the first month following the end of his transitional accounting period a return in respect of that period, together with any outstanding payment due to the Commissioners in respect of his liability for VAT declared on that return.

Textual Amendments

F5 Reg. 50(2)(a)(i) substituted (with effect in accordance with reg. 1(3) of the amending S.I.) by The Value Added Tax (Amendment) (No. 2) Regulations 2002 (S.I. 2002/1142), regs. 1(2), **4(a)**

F6 Reg. 50(3) omitted (with effect in accordance with reg. 1(3) of the amending S.I.) by virtue of The Value Added Tax (Amendment) (No. 2) Regulations 2002 (S.I. 2002/1142), regs. 1(2), **4(b)**

F7 Reg. 51(a)(i) substituted (with effect in accordance with reg. 1(3) of the amending S.I.) by The Value Added Tax (Amendment) (No. 2) Regulations 2002 (S.I. 2002/1142), regs. 1(2), **5**

Admission to the scheme

52.—(1) A taxable person shall be eligible to apply for authorisation under regulation 50(1) if—

F8(a) . . . .

(b) he has reasonable grounds for believing that the value of taxable supplies made or to be made by him in the period of 12 months beginning on the date of his application for authorisation will not exceed **[**F9£1,350,000**]**;

(c) his registration is not in the name of a group under section 43(1) of the Act;

(d) his registration is not in the name of a division under section 46(1) of the Act; and

(e) he has not in the 12 months preceding the date of his application for authorisation ceased to operate the scheme.

F10(1A) . . . .

(2) The Commissioners may refuse to authorise a person under regulation 50(1) where they consider it necessary to do so for the protection of the revenue.

53.—(1) An authorised person shall continue to account for VAT in accordance with the scheme until he ceases to be authorised.

(2) An authorised person ceases to be authorised when—

(a) at the end of any transitional accounting period or current accounting year the value of taxable supplies made by him in that period or, as the case may be, year has exceeded **[**[F11]£1,600,000**]**; or

(b) his authorisation is terminated in accordance with regulation 54 below;

(c) he—

(i) becomes insolvent and ceases to trade, other than for the purpose of disposing of stocks and assets; or

(ii) ceases business or ceases to be registered; or

(iii) dies, becomes bankrupt or incapacitated;

(d) he ceases to operate the scheme of his own volition.

54.—(1) The Commissioners may terminate an authorisation in any case where—

(a) a false statement has been made by or on behalf of an authorised person in relation to his application for authorisation; or

(b) an authorised person fails to make by the due date a return in accordance with regulation 50(2)(b) or regulation 51(a)(iii) or (b); or

(c) an authorised person fails to make any payment prescribed in regulation 50 or 51; or

(d) where they receive a notification in accordance with paragraph (2) below; or

(e) at any time during an authorised person's transitional accounting period or current accounting year they have reason to believe, that the value of taxable supplies he will make during the period or as the case may be year, will exceed **[**[F12]£1,600,000**]**; or

(f) it is necessary to do so for the protection of the revenue; or

(g) an authorised person has not, in relation to a return made by him prior to authorisation, paid to the Commissioners all such sums shown as due thereon; or

(h) an authorised person has not, in relation to any assessment made under either section 73 or section 76 of the Act, paid to the Commissioners all such sums shown as due thereon.

(2) Where an authorised person has reason to believe that the value of taxable supplies made by him during a transitional accounting period or current accounting year will exceed **[**[F13]£1,600,000**]**, he shall within 30 days notify the Commissioners in writing.

55.—(1) The date from which an authorised person ceases to be authorised in accordance with Regulation 53(2) shall be —

(a) where regulation 53(2)(a) applies, the day following the last day of the relevant transitional accounting period or current accounting year;

(b) where regulation 53(2)(b) applies, the day on which the Commissioners terminate his authorisation;

(c) where regulation 53(2)(c) applies, the day on which any one of the events mentioned in that paragraph occurs; and

(d) where regulation 53(2)(d) applies, the date on which the Commissioners are notified in writing of the authorised persons decision to cease using the scheme.

(2) Where an authorised person ceases to be authorised, he or as the case may be, his representative, shall—

(a) if his authorisation ceases before the end of his transitional accounting period or current accounting year, make a return within 2 months of the date specified in paragraph (1)(b), (1)(c) or (1)(d) above, together with any outstanding payment due to the Commissioners in respect of his liability for VAT for that part of the period or year arising before the date he ceased to be authorised; or

(b) if his authorisation ceases at the end of his transitional accounting period or current accounting year, make a return together with any outstanding payment due to the Commissioners in respect of his liability for VAT in accordance with regulation 51 or 50 above; and

in either case, from the day following the day on which he ceases to be authorised, account for and pay VAT as provided for otherwise than under this Part.**]**

Textual Amendments

F8 Reg. 52(1)(a) omitted (1.4.2006) by virtue of The Value Added Tax (Amendment) Regulations 2006 (S.I. 2006/587), regs. 1(2), **2(a)**

F9 Sum in reg. 53(1)(b) substituted (1.4.2006) by The Value Added Tax (Amendment) Regulations 2006 (S.I. 2006/587), regs. 1(2), **3**

F10 Reg. 52(1A) omitted (1.4.2006) by virtue of The Value Added Tax (Amendment) Regulations 2006 (S.I. 2006/587), regs. 1(2), **2(a)**

F11 Sum in reg. 53(2)(a) substituted (1.4.2006) by The Value Added Tax (Amendment) Regulations 2006 (S.I. 2006/587), regs. 1(2), **3**

F12 Sum in reg. 54(1)(e) substituted (1.4.2006) by The Value Added Tax (Amendment) Regulations 2006 (S.I. 2006/587), regs. 1(2), **3**

F13 Sum in reg. 54(2) substituted (1.4.2006) by The Value Added Tax (Amendment) Regulations 2006 (S.I. 2006/587), regs. 1(2), **3**

Status:
Point in time view as at 01/04/2009.

Changes to legislation:
There are currently no known outstanding effects for the The Value Added Tax Regulations 1995, PART VII.