
STATUTORY INSTRUMENTS

1995 No. 2518

The Value Added Tax Regulations 1995

[^{F1}PART VIIA

FLAT-RATE SCHEME FOR SMALL BUSINESSES

[^{F1}Withdrawal from the scheme

55M.—(1) Subject to paragraph (2) below, a flat-rate trader ceases to be eligible to be authorised to account for VAT in accordance with the scheme where—

- (a) at any anniversary of his start date, the total value of his income in the period of one year then ending is more than [^{F2}£230,000],
- (b) there are reasonable grounds to believe that the total value of his income in the period of 30 days then beginning will exceed [^{F3}£230,000],
- (c) he becomes a tour operator,
- (d) he intends to acquire, construct or otherwise obtain a capital item within the meaning of regulation 112(2),
- (e) he opts to account for the VAT chargeable on a supply made by him by reference to the profit margin on the supply, in accordance with the provisions of any Order made under section 50A of the Act,
- (f) he becomes—
 - (i) eligible to be registered for VAT in the name of a group under section 43A of the Act,
 - (ii) registered for VAT in the name of a division under section 46(1) of the Act, or
 - (iii) associated with another person,
- (g) he opts to withdraw from the scheme, or
- (h) his authorisation is terminated in accordance with regulation 55P below.

(2) A flat-rate trader does not cease to be eligible to be authorised by virtue of paragraph (1)(a) above if the Commissioners are satisfied that the total value of his income in the period of one year then beginning will not exceed [^{F4}£191,500].

(3) In determining the value of a flat-rate trader's income for the purposes of paragraphs (1)(a) and (b) and (2) above, any supply of goods or services that are capital assets of the business in the course or furtherance of which they are supplied, shall be disregarded.

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^{F5}(4) For the purposes of this regulation, "income" shall be calculated in accordance with the method specified in regulation 55G(1) (determining relevant turnover) used by the business to determine the value of its turnover whilst accounting for VAT under the scheme.

(5) Where a business has used more than one method to determine the value of its turnover whilst accounting for VAT under the scheme, the method referred to in paragraph (4) above shall be the most recent method used.]]

Textual Amendments

- F1** Pt. 7A inserted (25.4.2002) by [The Value Added Tax \(Amendment\) \(No. 2\) Regulations 2002](#) (S.I. 2002/1142), regs. 1(2), 7
- F2** Sum in Reg. 55M(1)(a) substituted (4.1.2011) by [The Value Added Tax \(Amendment\) \(No. 3\) Regulations 2010](#) (S.I. 2010/2940), regs. 1, **5(a)**
- F3** Sum in Reg. 55M(1)(b) substituted (4.1.2011) by [The Value Added Tax \(Amendment\) \(No. 3\) Regulations 2010](#) (S.I. 2010/2940), regs. 1, **5(b)**
- F4** Sum in Reg. 55M(2) substituted (4.1.2011) by [The Value Added Tax \(Amendment\) \(No. 3\) Regulations 2010](#) (S.I. 2010/2940), regs. 1, **5(c)**
- F5** Reg. 55M(4)(5) inserted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009](#) (S.I. 2009/586), regs. 1, 7

Changes to legislation:

There are currently no known outstanding effects for the The Value Added Tax Regulations 1995, Section 55M.