
STATUTORY INSTRUMENTS

1996 No. 2992

VALUE ADDED TAX

The Value Added Tax (Place of Supply of Services) (Amendment) Order 1996

Made - - - - 28th November 1996
Laid before the House of Commons - - - - 28th November 1996
Coming into force - - 1st January 1997

The Treasury, in exercise of the powers conferred on them by section 7(11) of the Value Added Tax Act 1994⁽¹⁾, and of all other powers enabling them on that behalf, hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Place of Supply of Services) (Amendment) Order 1996 and shall come into force on 1st January 1997.

2. The Value Added Tax (Place of Supply of Services) Order 1992⁽²⁾ shall be amended as follows —

(a) in paragraph (aa) of article 14 there shall be substituted for the expression “, provided the goods do not thereafter remain in the United Kingdom”—

“which are then dispatched or transported out of the member State where those services were physically carried out”; and

(b) at the end of paragraph (c) of article 15 after the semi-colon there shall be added the word “or”.

28th November 1996

Bowen Wells
Roger Knapman
Two of the Lords Commissioners of Her Majesty's Treasury

(1) 1994 c. 23.

(2) S.I. 1992/3121; relevant amending instrument is S.I. 1995/3038.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends, with effect from 1st January 1997, articles 14(aa) and 15(c) of the Value Added Tax (Place of Supply of Services) Order 1992 (S.I.1992/3121) (the “principal Order”) to give full effect to article 28b.F of Council Directive 77/388/EEC (OJNo. L145, 13.6.77, p.1) (the “Sixth VAT Directive”). Article 28b.F was inserted by Council Directive 95/7/EC (OJ No. L102, 5.5.95, p.18) (the “Second Simplification Directive”).

Article 14(aa) of the principal Order seeks to deal with a supply of services where:

- (i) a valuation of, or work on, goods is physically performed in a member State and the goods then leave that member State, and
- (ii) the recipient of the services provides, for the purpose of the supply, a VAT registration number issued by a different member State.

In these circumstances the supply should be treated as made in the latter member State (rather than the former member State as would otherwise be the case under article 15(d) of the principal Order).

Until now article 14(aa) of the principal Order envisaged only circumstances in which the services in question were performed in and the goods subsequently left the United Kingdom. Article 2(a) of this Order extends the scope of article 14(aa). The main effect of this is to treat the supply as made in the United Kingdom where —

- (a) such services are performed in and the goods leave another member State, and
- (b) the recipient provides a United Kingdom VAT registration number for the purpose of the supply.

Article 2(b) of this Order takes the opportunity to make a minor textual amendment to article 15(c) of the principal Order.