

**EXPLANATORY MEMORANDUM TO
THE VALUE ADDED TAX (PLACE OF SUPPLY OF SERVICES) (AMENDMENT)
ORDER 2006**

S.I. 2006 No. 1683

- 1.** This explanatory memorandum has been prepared by HM Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

2. Description

2.1 This Order amends the Value Added Tax (Place of Supply of Services) Order 1992 (“the principal Order”).

2.2 Article 3 amends paragraph article 21(1) of the principal Order to clarify the place of supply of a right to services.

3. Matters of special interest to the Select Committee on Statutory Instruments

None

4. Legislative Background

4.1 This Order has been made by the Treasury in the exercise of their powers under section 7(11) of the Value Added Tax Act 1994.

4.2 Section 7(11) provides that the Treasury may by order provide, in relation to goods and services generally or to particular goods or services specified in the order, for varying the rules for determining where a supply of goods or services is made.

5. Extent

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to the negative resolution procedure and does not amend primary law, no statement is required.

7. Policy background

7.1 The changes are intended to clarify the place of supply of a right to services.

7.2 The amendment to article 21(1) of the principal Order makes it clear that such rights are supplied where the underlying supply of services to which the right relates

would be treated as being made if such a supply of services was made by the supplier of the right to the recipient.

7.3 This reflects the Commissioners' policy in this area and avoids any confusion where the place of supply rules make different provision depending upon where the supplier is based.

8. Impact

8.1 A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of businesses, charities or voluntary bodies.

8.2 There is no impact on the public sector.

9. Contact

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