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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, which come into force on 1st March 2007, amend regulations 170A (rules of attribution of payments received under certain credit agreements), 171(1) (repayment of a refund) and 172J (repayment of input tax where consideration not paid - attribution of payments) of the [Value Added Tax Regulations 1995 \(S. I. 1995/2518\)](#).

Regulation 3 amends regulation 170A and introduces a new formula for the attribution of a payment between a supply of goods and a supply of credit where the goods are supplied on or after 1st September 2006 and a claim for bad debt relief is made. The regulation also contains transitional measures for supplies made on or after 1st September 2006 and before 1st September 2007.

Regulation 4 amends regulation 171(1) to require the repayment to the Commissioners of a refund of tax where there is a reduction in the consideration for the supply in accordance with regulation 38 of the Value Added Tax Regulations 1995 following the accordence of bad debt relief.

Regulation 5 makes a consequential amendment to regulation 172J.

A full Regulatory Impact Assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.