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STATUTORY INSTRUMENTS

2009 No. 3127

VALUE ADDED TAX

The Value Added Tax (Supplementary Charge) Order 2009

<i>Made</i>	- - - -	<i>30th November 2009</i>
<i>Laid before the House of Commons</i>		<i>1st December 2009</i>
<i>Coming into force</i>	- -	<i>31st December 2009</i>

The Treasury, in exercise of the powers conferred by paragraph 15 of Schedule 3 (VAT: supplementary charge and orders changing rate) to the Finance Act 2009(a), make the following Order:

1. This Order may be cited as the Value Added Tax (Supplementary Charge) Order 2009 and comes into force on 31st December 2009.

2. There is no supplementary charge on a supply of goods within paragraph 2 of Schedule 3 to the Finance Act 2009 if—

- (a) the only relevant condition met is condition D(b),
- (b) the VAT invoice—
 - (i) relates to a supply of goods made under a hire-purchase, conditional sale or credit sale agreement,
 - (ii) forms part of that agreement, and
 - (iii) is issued in accordance with normal commercial practice in relation to a supply made under such an agreement, and
- (c) the basic time of supply of the goods is intended and expected to be within six months of the date of the VAT invoice which relates to the supply.

3. In this Order—

- (a) “normal commercial practice” means the normal commercial practice of the supplier at a time when an increase in the rate of VAT in force under section 2 of the Value Added Tax Act 1994(c) is not expected, and
- (b) “basic time of supply” has the meaning given in paragraph 4(1) of Schedule 3 to the Finance Act 2009.

(a) 2009 c. 10; section 9(2) makes provision for Schedule 3.

(b) Condition D is provided for in paragraph 2(8) of Schedule 3 to the Finance Act 2009.

(c) 1994 c. 23; section 2(1) was amended by section 21(2) and (6) of the Finance Act 1995 (c. 4), section 99(2) and (3) of the Finance Act 2001 (c. 9), S.I. 2008/3020 and section 9(1) of the Finance Act 2009; section 2(2) was amended by paragraph 2 of Schedule 31 to the Finance Act 2001 and paragraph 25 of Schedule 3 to the Finance Act 2009.

*Tony Cunningham
Dave Watts*

30th November 2009

Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order which comes into force on 31st December 2009 provides for an exception to the categories of supply in relation to which a supplementary charge is due under Schedule 3 to the Finance Act 2009.

Article 2 of the Order sets out circumstances in which a supplementary charge which would otherwise be due under paragraph 2 of Schedule 3 to the Finance Act 2009 shall not be due. These are that the only relevant condition met is condition D, that the VAT invoice relates to a specified supply, forms part of the relevant agreement and is issued in accordance with the supplier's normal commercial practice and that the basic time of supply of the goods is intended and expected to be within six months of the date of that invoice.

Article 3 of the Order defines "normal commercial practice" and "basic time of supply".

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

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