

EXPLANATORY MEMORANDUM TO
THE VALUE ADDED TAX (AMENDMENT) (No. 3) REGULATIONS 2013

2013 No. 3211

1. This explanatory memorandum has been prepared by the Commissioners for Her Majesty's 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. **Purpose of the instrument**

This Statutory Instrument updates the territorial scope of the Value Added Tax Act 1994 (c.23) with effect from 1st January 2014.

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

It is regretted that this instrument is in breach of the rule requiring the laying of an instrument at least 21 days before its provisions take effect. It was not possible to make the Statutory Instrument until the amendment to the European legislation was adopted on 17th December 2013. It is necessary for the amendments to the regulations to take effect on 1st January 2014 in order to fully comply with the UK's European obligations.

4. **Legislative Context**

4.1 This instrument updates regulation 137 of the Value Added Tax Regulations 1995 S.I. 1995/2518 (the "Principal Regulations") adding the territories of Mayotte and Saint-Martin and removing the territory of St. Pierre and Miquelon from those treated as excluded from the territory of the member States and the territory of the European Union. Together with The Excise Goods (Holding, Movement and Duty Point) (Amendment) Regulations 2013 S.I. 2013/3210 making amendments to the Excise Goods (Holding, Movement and Duty Point) Regulations 2010 S.I. 2010/593 this instrument makes necessary consequential amendments to the Principal Regulations following the amendments to Article 6(1) of Council Directive 2006/112/EC (OJ No L 347, 11.12.2006, p. 1) arising from the Council Directive adopted on 17th December 2013 as regards the French outermost regions and Mayotte in particular.

4.2 The Council Directive as regards the French outermost regions and Mayotte in particular had not been published in the Official Journal at the date of making this instrument. Once the Council Directive is published in the Official Journal an updated Explanatory Memorandum including reference details of the Council Directive will be published.

4.3 The resources required to prepare a transposition note in relation to the minor amendments made by this instrument implementing the Council Directive adopted on 17th December 2013 as regards the French outermost regions and Mayotte in particular are disproportionate to the potential benefit to the reader and so a transposition note has not been prepared for this directive.

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

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

7. Policy background

- *What is being done and why*

7.1 This instrument updates the territorial scope of UK VAT legislation following the amendments made in European law to the territorial scope of Council Directive 2006/112/EC in relation to the French overseas territories with effect from 1st January 2014.

- Consolidation

7.2 There are no projects currently on hand to consolidate the Principal Regulations.

8. Consultation outcome

These changes have not been consulted upon because they only make a minor amendment which is expected to have no economic impact. These changes are required to be implemented as a result of the UK's European obligations.

9. Guidance

Public notices will be updated to ensure the changes are accurately reflected.

10. Impact

10.1 There is no economic impact on business, charities or voluntary bodies.

10.2 There is no economic impact on the public sector.

10.3 A Tax Information and Impact Note has not been prepared for this instrument as it contains no substantive changes to tax policy.

11. Regulating small business

11.1 The legislation applies to small business.

11.2 The changes will have no specific impact on small businesses.

12. Monitoring & review

The impact of the changes will not be monitored or reviewed as the changes are not expected to have any economic impact.

13. Contact

Marcus Jones at Her Majesty's Revenue and Customs Tel: 03000 585695 or email: Marcus.Jones@hmrc.gsi.gov.uk can answer any queries regarding the instrument.