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## EXPLANATORY NOTE

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

This Order amends paragraph 15 of Part 3 of Schedule 4A to the Value Added Tax Act 1994 (“the Act”) which determines the place of supply for electronically supplied services, telecommunication services and broadcasting services. This Order has effect in relation to the supplies of such services made on or after 1st January 2019.

Section 7A of the Act specifies the general rules for determining the place of supply of services for the purpose of UK value added tax. Where a supply is made to a private (non-business) customer, the general rule is that the place of supply is treated as the country where the supplier belongs. The general rule in section 7A is subject to the exceptions which are set out in Schedule 4A. Paragraph 15(1) of that Schedule provides that, as an exception to this rule, a supply described above is treated as being made in the country where the recipient belongs.

Article 3 amends paragraph 15 so that the exception in paragraph 15(1) does not apply where a supply is made to a private customer who belongs in another member State and where the value of the supply, when taken with such supplies already made in the calendar year, does not exceed £8,818 and such supplies made in the preceding year also did not exceed that amount. This is so provided that the supplier has not elected for the place of supply to be treated as being made in the country where the recipient belongs. Article 3 also provides for the making of and the duration of the election.

These amendments are required to implement the amendments made to Article 58 of Council Directive 2006/112/EC on the common system of value added tax by Council Directive (EU) 2017/2455 with effect from 1st January 2019. (Article 58 was also amended by Council Directive 2008/8/EC). A Transposition Note explaining how Council Directive 2017/2455/EU is transposed into UK law is annexed to the Explanatory Memorandum which is available alongside this Order on the National Archives website <http://www.legislation.gov.uk>.

A Tax Information and Impact Note covering this instrument was published on 11th September 2018 alongside a draft of this Order and is available on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. It remains an accurate summary of the impacts that apply to this instrument.

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### Textual Amendments

- F1** Order revoked (31.12.2020) by The Value Added Tax (Place of Supply of Services) (Supplies of Electronic, Telecommunication and Broadcasting Services) (Amendment and Revocation) (EU Exit) Order 2019 (S.I. 2019/404), arts. 2, 4; S.I. 2020/1641, reg. 2, Sch.

**Changes to legislation:**

There are currently no known outstanding effects for the The Value Added Tax (Place of Supply of Services) (Supplies of Electronic, Telecommunication and Broadcasting Services) Order 2018 (revoked).