

2018 No. 1328

VALUE ADDED TAX

**The Value Added Tax (Input Tax) (Specified Supplies)
(Amendment) Order 2018**

Made - - - - *10th December 2018*
Laid before the House of Commons *11th December 2018*
Coming into force - - *1st March 2019*

The Treasury make the following Order in exercise of the power conferred by section 26(2)(c) of the Value Added Tax Act 1994(a).

Citation, commencement and effect

1.—(1) This Order may be cited as the Value Added Tax (Input Tax) (Specified Supplies) (Amendment) Order 2018 and comes into force on 1st March 2019.

(2) The amendments made by this Order have effect in relation to supplies of services made on or after 1st March 2019.

Amendment of the Value Added Tax (Input Tax) (Specified Supplies) Order 1999

2. The Value Added Tax (Input Tax) (Specified Supplies) Order 1999(b) is amended as follows.

3. In article 2, after “3” insert “, 3A”.

4. After article 3 insert—

“**3A.** Any services that are included within article 3 above by virtue of the fact that the supply is exempt, or would have been exempt if made in the United Kingdom, by virtue of item 4 of Group 2 of Schedule 9 to the Value Added Tax Act 1994 must be related to an insurance transaction or a reinsurance transaction where the party to be insured under the contract of insurance or reinsurance (whether or not a contract of insurance or reinsurance is finally concluded) is a person who belongs outside the United Kingdom.”.

Mike Freer
Rebecca Harris

10th December 2018

Two of the Lords Commissioners of Her Majesty’s Treasury

(a) 1994 c. 23.
(b) SI 1999/3121.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Value Added Tax (Input Tax) (Specified Supplies) Order 1999 (S.I.1999/3121) (“the 1999 Order”).

It restricts the application of the 1999 Order to ensure that input tax recovery is limited in the case of supplies of insurance intermediary services to cases where the final consumers of those services belong outside the United Kingdom. This is to counter avoidance which consists of insurance service providers that belong outside the European Union entering into arrangements with intermediaries that belong in the United Kingdom in order to be able to recover input tax in relation to supplies despite the fact that the final consumers of the supplies are persons who belong in the United Kingdom.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

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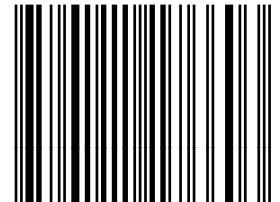
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