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STATUTORY INSTRUMENTS

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**2019 No. 1048**

**The Value Added Tax (Amendment) Regulations 2019**

**Amendment of the Value Added Tax Regulations 1995**

**6.** After regulation 24 insert—

**“24A.** For the purposes of this Part—

- (a) an increase in consideration is an increase in the consideration for a supply made by a taxable person in respect of which the recipient of the supply or another person acting on behalf of, or pursuant to an arrangement with, the recipient of the supply pays or becomes liable to pay the amount of the increase to the supplier;
- (b) a decrease in consideration is a decrease in the consideration for a supply made by a taxable person in respect of which the supplier pays the amount of the decrease to the recipient of the supply or to any other person entitled to receive the payment;
- (c) where there is a decrease in consideration in respect of which the supplier makes a part payment on account to the recipient of the supply (or to any other person entitled to receive the part payment)—
  - (i) the decrease is to be treated as a decrease in consideration only to the extent covered by the part payment; and
  - (ii) each part payment on account is to be treated as being made in relation to a separate decrease in consideration.

**24B.** For the purposes of this Part—

- (a) an increase in consideration occurs when it is agreed by the supplier and the recipient of the supply; and
- (b) a decrease in consideration occurs when the supplier pays the amount of the decrease to the recipient of the supply or to any other person who is entitled to receive the payment.

**24C.—(1)** For the purposes of regulations 24A and 24B, “payment”—

- (a) means a payment in money and “pay” and “pays” are to be construed accordingly; and
- (b) includes cases where a person—
  - (i) sets off an amount against a corresponding monetary liability of another person; or
  - (ii) makes a “relevant payment” as defined in regulation 38ZA(2).

**(2)** For the purposes of applying regulation 38ZA, the reference in regulation 24A(b) and (c) and in regulation 24B(b) to—

- (a) “the supplier” includes a reference to the “first supplier” as defined in regulation 38ZA(2); and
- (b) “the recipient of the supply” includes a reference to the “final consumer” as defined in regulation 38ZA(2).”.