
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make a number of transitional provisions to deal with some of the issues that will arise when amendments are made to primary value added tax law (“VAT”) in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom (“UK”) from the European Union (“EU”).

Regulation 1 provides for the commencement and regulation 2 lists definitions of terms used in the Regulations.

Regulation 3 states that the amendments made by Part 3 of the Taxation (Cross-border Trade) Act 2018 (“the Act”) (in relation to value added tax) do not have effect in relation to supplies made, or acquisitions taking place before exit day. In order to determine which supplies are made before exit day, paragraphs (2) to (5) provide specific rules regarding the time of supply for goods in warehouses and for the supply of services for the limited purpose of applying regulation 3(1) only.

Regulation 4(1) provides that the amendments in Part 3 of the Act do not apply to the removal of goods to the UK from a member State of the EU or an acquisition in pursuance of such a supply where no import duty is chargeable on the goods pursuant to Chapter 7 of Part 15 of the Customs (Import Duty) (EU Exit) Regulations 2018. Regulation 4(2) also disapplies the amendments in Part 3 of the Act to the supply of goods that involves the removal of goods to a member State of the EU from the UK if no import duty is chargeable on the goods by virtue of an EU equivalent to Chapter 7 of Part 15 of those Regulations. Chapter 7 of Part 15 relieves import duty on goods that are located within the customs territory of the EU but outside the UK where the goods are intended to be moved to, or through, the UK and the goods commence their movement to the UK before exit day.

Regulation 5 provides that the references to section 55A statements in sections 65 and 66 of the Value Added Tax Act 1994 are to be read as if the reference was to a statement which was required to be submitted before exit day pursuant to regulations made under paragraph 2(3) of Schedule 11 of that Act.

Any impacts in relation to these transitional provisions will be subsumed within the wider impact of the related changes. These impacts will be covered by an overarching HMRC impact assessment (second edition) and an overarching HMRC impact assessment for VAT and services, which will both be available on the website at <https://www.gov.uk/collections/customs-vat-and-excise-regulations-leaving-the-eu-with-no-deal>.