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## EXPLANATORY NOTE

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

These Regulations are made in exercise of the powers in sections 51(1)(a), 52(2) and (5) and 56(1) and (4) of the Taxation (Cross-border Trade) Act 2018 (c. 22) (“TCTA”) and section 16A(1), (2) (b) and (4) of the Value Added Tax Act 1994 (c. 23) (“VATA”) in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom from the EU.

Under regulation 1 the Regulations are to come into force on such day or days as the Treasury may appoint.

Part 2 makes consequential amendments to secondary legislation relating to value added tax (“VAT”) in line with changes made by the European Union (Withdrawal) Act 2018 (c. 16) and TCTA. It also makes a number of transitional provisions to deal with some of the issues that will arise when amendments are made to secondary legislation relating to VAT in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom from the EU.

Regulation 3 omits Part 4B (provision of information relating to arrivals and dispatches) of the Value Added Tax Regulations 1995 (S.I. 1995/2518) (“the principal VAT Regulations”).

Regulation 4 restricts the attribution that can be made where a taxpayer uses a partial exemption method approved or directed under paragraph (1) of regulation 102 (use of other methods) of the principal VAT Regulations, to attribute input tax to exempt supplies specified by the Treasury in an order made under section 26(2)(c) VATA, to ensure that there can be no attribution in relation to any supplies that are made within the UK except in the two circumstances specified.

It also amends the definition of “relevant supply” in paragraph (3)(a) of regulation 103B (attribution of input tax incurred on services and related goods used to make financial supplies) of the principal VAT Regulations to replace “another member State” with “a member State”.

Regulation 5 amends Part 16 of the principal VAT Regulations in consequence of amendments made to VATA by TCTA and new customs legislation made under TCTA.

Regulation 6 makes transitional provision in relation to Part 20 (repayments to Community traders) of the principal VAT Regulations.

Regulation 7 amends the Value Added Tax (Relief for European Research Infrastructure Consortia) Order 2012 to remove references to “other member States” and “acquisitions”.

Regulation 8 amends regulation 6 of the Value Added Tax (Postal Packets and Amendment) (EU Exit) Regulations 2018 (S.I. 2018/1376) (“the 2018 Regulations”) to make provision in relation to the joint and several liability with the supplier of certain recipients of postal packets for a time limited period. The amendment in regulation 8(3) is made in response to an inconsistency reported by the SCSi in relation to regulation 6(2) of the 2018 Regulations.

Regulations 9 to 11 make similar transitional provisions in relation to secondary legislation as the Taxation (Cross-border Trade) Act 2018 (Value Added Tax Transitional Provisions) (EU Exit) Regulations 2019 (S.I. 2019/105) make in relation to amendments to primary VAT law in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom from the EU.

Part 3 makes consequential amendments to the Fulfilment Businesses Regulations 2018 (S.I. 2018/326) in line with changes made by the TCTA to Part 3 of the Finance (No. 2) Act 2017 (c. 32). It also makes transitional provisions in relation to secondary and primary legislation relating to fulfilment businesses.

**Status:** This is the original version (as it was originally made).

Part 4 confers a power on HMRC to make such provision by public notice for or in connection with the administration of import VAT as they consider appropriate (subject to some express restrictions) in consequence of regulation 33(2A) or (2B) of the Customs (Import Duty) (EU Exit) Regulations 2018 (S.I. 2018/1248), as inserted by the Taxation (Cross-border Trade) (Miscellaneous Provisions) (EU Exit) Regulations 2019 (S.I. 2019/486).

Part 5 revokes the Value Added Tax (Special Accounting Schemes) (Supplies of Electronic, Telecommunication and Broadcasting Services) Order 2018 (S.I. 2018/1197).

This instrument will be covered by an overarching HMRC impact assessment (third edition) which will be published and available on the website at <https://www.gov.uk/government/collections/customs-vat-and-excise-regulations-leaving-the-eu-with-no-deal>.