
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend Part 24 of the Value Added Tax Regulations 1995 (“the VAT Regulations”) in relation to the agricultural flat-rate scheme (“AFRS”).

Regulation 2(2) makes changes in relation to regulation 202 of the VAT Regulations by inserting a new definition of certification anniversary and a new definition to outline the circumstances in which a person is associated with another person.

Regulation 2(3) replaces existing regulation 204(d) of the VAT Regulations with two new conditions which a person must satisfy in order to be certified for the AFRS. These conditions are that the total value of their taxable supplies for the relevant part of their business is £150,000 or less and they are not eligible to be registered for VAT in the name of a group, registered for VAT in the name of a division or associated with another person.

Regulation 2(4) amends regulation 206 of the VAT Regulations, which concerns the circumstances in which the Commissioners for Her Majesty’s Revenue and Customs may cancel a person’s AFRS certificate, by substituting, in both paragraphs (1) and (2), existing sub-paragraphs (i) and inserting new sub-paragraphs (ia) and (ib). These new provisions provide that the Commissioners may cancel a person’s certificate if the total value of a person’s taxable supplies for the relevant part of their business exceeds £230,000 in the period of one year ending with the anniversary of their certification for the AFRS, or if this amount is exceeded in a 30 day period at the end of a month, as well as if the person becomes eligible to be registered for VAT in the name of a group, registered for VAT in the name of a division or associated with another person.

Regulation 2(5) inserts new regulation 206A in the VAT Regulations, which provides that persons certified under the AFRS must notify the Commissioners in writing within 30 days if the circumstances in new regulation 206(1)(i), (ia) or (ib) apply to them.

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>.