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## EXPLANATORY NOTE

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

These Regulations make provisions that are appropriate in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom from the EU. Specifically, they relate to the Protocol on Ireland/Northern Ireland agreed between the EU and the United Kingdom as part of the Withdrawal Agreement (“the Protocol”). They will come into force on a day or days to be appointed by the Treasury in further regulations.

Regulation 3 adds a new paragraph 18A into Schedule 9ZA to the [Value Added Tax Act 1994 \(c. 23: “VATA”\)](#) which provides for a refund of VAT incurred in member States on the construction of certain buildings, as set out in new paragraph 18A(3)(a) to (c), and sets out the necessary conditions to be satisfied.

Regulation 4 adds a new subparagraph 6 in paragraph 81 of Schedule 9ZA VATA which re-enacts information provisions currently contained in section 92(6) and (7) VATA in relation to Northern Ireland as required under the Protocol.

Regulation 5 amends paragraph 6 of Schedule 9ZB VATA to remove a relief from VAT for movements from Northern Ireland to Great Britain where duty under section 30C of the Taxation (Cross-border Trade) Act 2018 (c. 22) is charged on that removal as a result of subsection (2) of that section (duty on goods removed for an avoidance purpose).

Regulation 6 adds new paragraph 31A to Schedule 9ZB VATA. Paragraph 31A provides for a movement of goods by a partially exempt business to be treated as a taxable supply if the removal is within 12 months of when the business would be required to adjust their input tax under the rules requiring a partially exempt business to make an annual adjustment. Regulation 7 makes consequential amendments.

Regulation 8 revokes the Finance Act 2011, Schedule 23 (Data-gathering Powers) (Amendment) (EU Exit) Regulations 2019 (S.I. 2019/397: “the Data-gathering Powers Regulations”). The Data-gathering Powers Regulations are no longer needed and would have added postal operators as a relevant data-holder for the purposes of Schedule 23 to the Finance Act 2011 and provided that the power to require a postal operator to provide relevant data is only exercisable by HMRC in relation to the discharge of HMRC’s tax functions relating to value added tax.

The withdrawal agreement, which includes the Protocol, is available at <https://www.legislation.gov.uk/eut/withdrawal-agreement/contents/adopted>.

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>.