
EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Value Added Tax (Margin Schemes and Removal or Export of Goods: VAT-related Payments) Order 2023 (S.I. 2023/68) (“the VAT-related Payments Order”) and comes into force on 1st May 2023.

The VAT-related Payments Order comes into force on 1st May 2023. It makes provision for a VAT-related payment to be made in respect of a relevant supply of goods of a description contained in that Order. The Order specifies a relevant supply of a motor vehicle subject to certain conditions.

Sections 101 to 104 of, and Schedules 53, 54 and 54A to, the Finance Act 2009 (“the interest provisions”) make provision for interest to be payable by and to His Majesty’s Revenue and Customs (“HMRC”). Interest is payable where amounts are owed by or to HMRC under or by virtue of any enactment. The interest provisions have been commenced at different times for different purposes. The Finance Act 2009 (VAT-related Payments) (Interest) (Appointed Day) Order 2023 (S.I. 2023/385 C. 20) provides for the interest provisions, in so far as they are not already commenced, to be commenced for the purposes of amounts due under or by virtue of the VAT-related Payments Order.

This Order amends the VAT-related Payments Order to provide for when interest accrues in certain circumstances and to ensure that the interest provisions apply to a claim made under article 8 of that Order (“an article 8 claim”) in the same way as they apply to VAT and to claims made under article 7 of the Order (article 7 claims are administered as if they are VAT credit claims: interest provisions for VAT were commenced from 1st January 2023 by S.I. 2022/1277).

Article 2 inserts new articles 16A to 16D. Article 16A modifies the application of paragraph 5 of Schedule 54 to the Finance Act 2009 so that the date from which repayment interest (due on amounts owed by HMRC) begins to accrue is four months after the date on which an article 8 claim is made. Article 16B makes provision for late payment interest (due on amounts owed to any person) which is wrongly paid on an article 8 claim to be recovered as repayment interest. Article 16C provides for a set-off during any period when a person is owed late payment interest but also owes repayment interest in respect of amounts related to an article 8 claim. Article 16D provides that section 77ZA of the Value Added Tax Act 1994 applies to interest payable under section 101 of the Finance Act 2009 in respect of an article 8 claim so that it can be recovered as if it is VAT.

A Tax Information and Impact Note covering this policy was published on 3rd March 2021 alongside Budget 2021 and is available on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. It remains an accurate summary of the impacts that apply to this policy, including these consequential changes.