



Finance Act 1997

1997 CHAPTER 16

PART III

VALUE ADDED TAX

Registration

31 Aggregation of businesses

(1) In Schedule 1 to the Value Added Tax Act 1994 (registration in respect of taxable supplies), after paragraph 1 there shall be inserted the following paragraph—

“1A (1) Paragraph 2 below is for the purpose of preventing the maintenance or creation of any artificial separation of business activities carried on by two or more persons from resulting in an avoidance of VAT.

(2) In determining for the purposes of sub-paragraph (1) above whether any separation of business activities is artificial, regard shall be had to the extent to which the different persons carrying on those activities are closely bound to one another by financial, economic and organisational links.”

(2) In sub-paragraph (2) of paragraph 2 of that Schedule (power of Commissioners to make direction for aggregation of businesses)—

(a) in paragraph (b), the words from “which should properly” to “described in the direction” shall be omitted;

(b) in paragraph (c), for “that business” there shall be substituted “the business described in the direction”; and

(c) paragraph (d) (Commissioners to be satisfied before making direction for aggregation that avoidance is one of the main reasons for division) shall be omitted;

and, accordingly, in sub-paragraph (4) of that paragraph (power of Commissioners to make supplementary direction) the word “properly” shall be omitted.

Status: This is the original version (as it was originally enacted).

- (3) In section 84(7) of that Act (determination of appeals against directions), for the words from “as to the matters” onwards there shall be substituted “that there were grounds for making the direction.”
- (4) This section has effect in relation to the making of directions on or after the day on which this Act is passed.