
Changes to legislation: There are currently no known outstanding effects for the Finance (No. 3) Act 2010, Paragraph 1. (See end of Document for details)

SCHEDULES

SCHEDULE 8

VALUE ADDED TAX: NON-BUSINESS USE OF BUSINESS ASSETS ETC

Input tax

- 1 (1) Section 24 of VATA 1994 (input tax and output tax) is amended as follows.
- (2) Omit subsection (3) (accommodation used for domestic purposes by company director etc).
- (3) In subsection (5) (goods or services used partly for business purposes), for the words after “other purposes” substitute “—
- (a) VAT on supplies, acquisitions and importations shall be apportioned so that so much as is referable to the taxable person's business purposes is counted as that person's input tax, and
 - (b) the remainder of that VAT (“the non-business VAT”) shall count as that person's input tax only to the extent (if any) provided for by regulations under subsection (6)(e).”
- (4) After that subsection insert—
- “(5A) For the purposes of subsections (1) and (5), a relevant asset held for the purposes of a business carried on or to be carried on by a taxable person is not, in any circumstances, to be regarded as used or to be used for the purposes of the business if, and to the extent that, it is used or to be used for that person's private use or the private use of that person's staff.
- (5B) In subsection (5A) “relevant asset” means—
- (a) any interest in land,
 - (b) any building or part of a building,
 - (c) any civil engineering work or part of such a work,
 - (d) any goods incorporated or to be incorporated in a building or civil engineering work (whether by being installed as fixtures or fittings or otherwise),
 - (e) any ship, boat or other vessel, or
 - (f) any aircraft.”
- (5) In subsection (6) (powers to make regulations), after paragraph (d) insert—
- “(e) in cases where an apportionment is made under subsection (5), for the non-business VAT to be counted as the taxable person's input tax for the purposes of any provision made by or under section 26 in such circumstances, to such extent and subject to such conditions as may be prescribed.”
- (6) After that subsection insert—

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“(6A) Regulations under subsection (6) may contain such supplementary, incidental, consequential and transitional provisions as appear to the Commissioners to be necessary or expedient.”

- (7) Omit subsection (7) (definition of “director” etc).
- (8) The amendments made by sub-paragraphs (2), (4) and (7) come into force on 1 January 2011 and apply in relation to VAT incurred by a taxable person on or after that date.
- (9) For the purposes of sub-paragraph (8), the VAT “incurred” by a person in respect of an asset is—
- (a) VAT on the supply to the person of the asset,
 - (b) VAT on the supply to the person of any goods or services the expenditure on which constitutes expenditure related to the asset,
 - (c) VAT on the acquisition by the person from another member State of the asset or anything comprised in it, and
 - (d) VAT paid or payable by the person on the importation of the asset or anything comprised in it from a place outside the member States;
- and VAT within paragraphs (a) to (d) is incurred at the time of the supply, acquisition or importation in question.

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