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STATUTORY INSTRUMENTS

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**1995 No. 2518**

**The Value Added Tax Regulations 1995**

**PART V**

**ACCOUNTING, PAYMENT AND RECORDS**

**Modifications etc. (not altering text)**

- C1** Pt. 5 applied (31.12.2020) by [The Value Added Tax \(Northern Ireland\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1546\)](#), regs. 1, **34** (with reg. 33); S.I. 2020/1641, reg. 2, Sch.
- C2** Pt. 5 applied (31.12.2020) by [The Value Added Tax \(Northern Ireland\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1546\)](#), regs. 1, **16** (with reg. 15); S.I. 2020/1641, reg. 2, Sch.

**Interpretation of Part V**

**24.** In this Part—

[<sup>F1</sup>“API platform” means the application programming interface that enables electronic communication with HMRC, as specified by the Commissioners in a specific or general direction;]

[<sup>F1</sup>“functional compatible software” means a software program or set of compatible software programs the functions of which include—

- (a) recording and preserving electronic records in an electronic form;
- (b) providing information to HMRC from the electronic records and returns in an electronic form and by using the API platform; and
- (c) receiving information from HMRC using the API platform in relation to a person’s compliance with obligations under these Regulations which are required to be met by use of the software;]

<sup>F2</sup>  
...

“insolvent person” means—

- (a) an individual who has been adjudged bankrupt;
- (b) a company in relation to which—
  - (i) a voluntary arrangement under Part I of the Insolvency Act 1986<sup>(1)</sup> has been approved,
  - (ii) [<sup>F3</sup>an administrator has been appointed],
  - (iii) an administrative receiver has been appointed,
  - (iv) a resolution for voluntary winding up has been passed, or

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(1) 1986 c. 45.

- (v) an order for its winding-up has been made by the court at a time when it had not already gone into liquidation by passing a resolution for voluntary winding-up;
- [<sup>F4</sup>“investment gold” has the same meaning as that expression has for the purposes of Group 15 of Schedule 9 to the Act;]
- “negative entry” means an amount entered into the VAT account as a negative amount;
- “positive entry” means an amount entered into the VAT account as a positive amount;
- “VAT allowable portion”, “VAT payable portion” and “VAT account” have the meanings given in regulation [<sup>F5</sup>32];
- “the Removal Order” means the Value Added Tax (Removal of Goods) Order 1992(2);
- “the owner” has the same meaning as in article 2 of the Removal Order.

#### Textual Amendments

- F1** Words in [reg. 24](#) inserted (with effect in accordance with [reg. 1\(2\)](#) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), [regs. 1, 3](#)
- F2** Words in [reg. 24](#) omitted (1.9.2019) by virtue of [The Value Added Tax \(Amendment\) Regulations 2019 \(S.I. 2019/1048\)](#), [regs. 1, 5](#) (with [reg. 2](#))
- F3** Words in [reg. 24\(b\)\(ii\)](#) substituted (15.9.2003) by [The Enterprise Act 2002 \(Insolvency\) Order 2003 \(S.I. 2003/2096\)](#), [art. 1\(1\)](#), [Sch. para. 58](#) (with [art. 6](#))
- F4** Words in [reg. 24](#) inserted (1.1.2000) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 1999 \(S.I. 1999/3114\)](#), [regs. 1, 3](#)
- F5** Word in [reg. 24](#) substituted (1.7.2003) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2003 \(S.I. 2003/1485\)](#), [regs. 1\(1\), 4](#)

#### Commencement Information

- I1** [Reg. 24](#) in force at 20.10.1995, see [reg. 1](#)

[<sup>F6</sup>24A. For the purposes of this Part—

- (a) an increase in consideration is an increase in the consideration for a supply made by a taxable person in respect of which the recipient of the supply or another person acting on behalf of, or pursuant to an arrangement with, the recipient of the supply pays or becomes liable to pay the amount of the increase to the supplier;
- (b) a decrease in consideration is a decrease in the consideration for a supply made by a taxable person in respect of which the supplier pays the amount of the decrease to the recipient of the supply or to any other person entitled to receive the payment;
- (c) where there is a decrease in consideration in respect of which the supplier makes a part payment on account to the recipient of the supply (or to any other person entitled to receive the part payment)—
- (i) the decrease is to be treated as a decrease in consideration only to the extent covered by the part payment; and
- (ii) each part payment on account is to be treated as being made in relation to a separate decrease in consideration.

**Textual Amendments**

**F6** Regs. 24A-24C inserted (1.9.2019) by [The Value Added Tax \(Amendment\) Regulations 2019 \(S.I. 2019/1048\)](#), regs. 1, 6 (with reg. 2)

**24B.** For the purposes of this Part—

- (a) an increase in consideration occurs when it is agreed by the supplier and the recipient of the supply; and
- (b) a decrease in consideration occurs when the supplier pays the amount of the decrease to the recipient of the supply or to any other person who is entitled to receive the payment.

**Textual Amendments**

**F6** Regs. 24A-24C inserted (1.9.2019) by [The Value Added Tax \(Amendment\) Regulations 2019 \(S.I. 2019/1048\)](#), regs. 1, 6 (with reg. 2)

**24C.—**(1) For the purposes of regulations 24A and 24B, “payment”—

- (a) means a payment in money and “pay” and “pays” are to be construed accordingly; and
- (b) includes cases where a person—
  - (i) sets off an amount against a corresponding monetary liability of another person; or
  - (ii) makes a “relevant payment” as defined in regulation 38ZA(2).

(2) For the purposes of applying regulation 38ZA, the reference in regulation 24A(b) and (c) and in regulation 24B(b) to—

- (a) “the supplier” includes a reference to the “first supplier” as defined in regulation 38ZA(2); and
- (b) “the recipient of the supply” includes a reference to the “final consumer” as defined in regulation 38ZA(2).]

**Textual Amendments**

**F6** Regs. 24A-24C inserted (1.9.2019) by [The Value Added Tax \(Amendment\) Regulations 2019 \(S.I. 2019/1048\)](#), regs. 1, 6 (with reg. 2)

**Making of returns**

**25.** —

(1) Every person who is registered or was or is required to be registered shall, in respect of every period of a quarter or in the case of a person who is registered, every period of 3 months ending on the dates notified either in the certificate of registration issued to him or otherwise, not later than the last day of the month next following the end of the period to which it relates, make to the Controller a return [<sup>F7</sup>in the manner prescribed in regulation 25A] showing the amount of VAT payable by or to him and containing full information in respect of the other matters specified in the form and a declaration, [<sup>F8</sup>signed by that person or by a person authorised to sign on that person’s behalf], that the return is [<sup>F9</sup>correct] and complete;

provided that—

- (a) the Commissioners may allow or direct a person to make returns in respect of periods of one month and to make those returns within one month of the periods to which they relate;
- (b) the first return shall be for the period which includes the effective date determined in accordance with <sup>F10</sup>Schedules 1, <sup>F11</sup>1A, <sup>F12</sup>3A, Parts 8 and 9 of Schedule 9ZA and Schedule <sup>F13</sup>and 9ZC] to the Act upon which the person was or should have been registered, and the said period shall begin on that date;
- (c) where the Commissioners consider it necessary in any particular case to vary the length of any period or the date on which any period begins or ends or by which any return shall be made, they may allow or direct any person to make returns accordingly, whether or not the period so varied has ended;
- (d) where the Commissioners consider it necessary in any particular case, they may allow or direct a person to make returns to a specified address.

(2) Any person to whom the Commissioners give any direction in pursuance of the proviso to paragraph (1) above shall comply therewith.

(3) Where for the purposes of this Part the Commissioners have made a requirement of any person pursuant to regulation 30—

- (a) the period in respect of which taxable supplies were being made by the person who died or became incapacitated shall end on the day previous to the date when death or incapacity took place; and
- (b) subject to sub-paragraph (1)(c) above, a return made on his behalf shall be made in respect of that period no later than the last day of the month next following the end of that period; and
- (c) the next period shall start on the day following the aforesaid period and it shall end, and all subsequent periods shall begin and end, on the dates previously determined under paragraph (1) above.

(4) Any person who—

- (a) ceases to be liable to be registered, or
- (b) ceases to be entitled to be registered under either or both of paragraphs 9 and 10 of Schedule 1 <sup>F14</sup>, <sup>F15</sup>paragraph 41 or 51 of Schedule 9ZA] <sup>F16</sup>or Schedule 9ZC] to the Act,

shall, unless another person has been registered with his registration number in substitution for him under regulation 6, make to the Controller a final return <sup>F17</sup>in the manner prescribed in regulation 25A] and any such return shall contain full information in respect of the matters specified in the form and a declaration, <sup>F18</sup>signed by that person or by a person authorised to sign on that person's behalf], that the return is <sup>F19</sup>correct] and complete and shall be made, in the case of a person who was or is registered, within one month of the effective date for cancellation of his registration, and in the case of any other person, within one month of the date upon which he ceases to be liable to be registered, and in either case shall be in respect of the final period ending on the date aforementioned and be in substitution for the return for the period in which such date occurs.

- <sup>F20</sup>(4A) .....
- <sup>F20</sup>(4B) .....
- <sup>F20</sup>(4C) .....
- <sup>F20</sup>(4D) .....
- <sup>F20</sup>(4E) .....
- <sup>F20</sup>(4F) .....
- <sup>F20</sup>(4G) .....

- F<sup>20</sup>(4H) .....
- F<sup>20</sup>(4I) .....
- F<sup>20</sup>(4J) .....
- F<sup>20</sup>(4K) .....
- F<sup>20</sup>(4L) .....
- F<sup>20</sup>(4M) .....

(5) The Commissioners may allow VAT chargeable in any period to be treated as being chargeable in such later period as they may specify.

**Textual Amendments**

- F7 Words in [reg. 25\(1\)](#) substituted (1.12.2009) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009 \(S.I. 2009/2978\)](#), regs. 1, [3\(a\)\(i\)](#)
- F8 Words in [reg. 25\(1\)](#) substituted (1.12.2009) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009 \(S.I. 2009/2978\)](#), regs. 1, [3\(a\)\(ii\)](#)
- F9 Word in [reg. 25\(1\)](#) substituted (1.12.2009) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009 \(S.I. 2009/2978\)](#), regs. 1, [3\(a\)\(iii\)](#)
- F10 Words in [reg. 25\(1\)\(b\)](#) substituted (22.3.2000) by [The Value Added Tax \(Amendment\) \(No. 3\) Regulations 2000 \(S.I. 2000/794\)](#), regs. 1, [5](#)
- F11 Word in [reg. 25\(1\)\(b\)](#) and comma inserted (15.10.2012) by [The Value Added Tax \(Amendment\) \(No. 2\) Regulations 2012 \(S.I. 2012/1899\)](#), regs. 2(2), [13\(a\)](#)
- F12 Words in [reg. 25\(1\)\(b\)](#) substituted (1.8.2021) by [The Value Added Tax \(Amendment\) \(EU Exit\) Regulations 2021 \(S.I. 2021/715\)](#), regs. 1, [25\(a\)](#)
- F13 Words in [reg. 25\(1\)\(b\)](#) substituted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1545\)](#), regs. 1, [45\(a\)](#) (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.
- F14 Words in [reg. 25\(4\)\(b\)](#) inserted (15.10.2012) by [The Value Added Tax \(Amendment\) \(No. 2\) Regulations 2012 \(S.I. 2012/1899\)](#), regs. 2(2), [13\(b\)](#)
- F15 Words in [reg. 25\(4\)\(b\)](#) substituted (1.8.2021) by [The Value Added Tax \(Amendment\) \(EU Exit\) Regulations 2021 \(S.I. 2021/715\)](#), regs. 1, [25\(b\)](#)
- F16 Words in [reg. 25\(4\)\(b\)](#) inserted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1545\)](#), regs. 1, [45\(b\)](#) (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.
- F17 Words in [reg. 25\(4\)](#) substituted (1.12.2009) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009 \(S.I. 2009/2978\)](#), regs. 1, [3\(b\)\(i\)](#)
- F18 Words in [reg. 25\(4\)](#) substituted (1.12.2009) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009 \(S.I. 2009/2978\)](#), regs. 1, [3\(b\)\(ii\)](#)
- F19 Word in [reg. 25\(4\)](#) substituted (1.12.2009) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009 \(S.I. 2009/2978\)](#), regs. 1, [3\(b\)\(iii\)](#)
- F20 [Reg. 25\(4A\)-\(4M\)](#) omitted (1.12.2009) by virtue of [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009 \(S.I. 2009/2978\)](#), regs. 1, [3\(c\)](#)

**Commencement Information**

- I2 [Reg. 25](#) in force at 20.10.1995, see [reg. 1](#)

[<sup>F21</sup>25A.—[

<sup>F22</sup>(A1) Where a person makes a return required by regulation 25 by means of electronic communications using functional compatible software, such a method of making a return shall be referred to in this Part as a “compatible software return system”.]

(1) Where a person makes a return required by regulation 25 using electronic communications [<sup>F23</sup>other than functional compatible software], such a method of making a return shall be referred to in this Part as an “electronic return system”.

(2) Where a person makes a return [<sup>F24</sup>or a final return on the relevant form specified in a notice published by the Commissioners], such a method of making a return shall be referred to in this Part as a “paper return system”.

[<sup>F25</sup>(2A) A person who is subject to the requirements of regulation 32A, including by virtue of an election in accordance with regulation 32C, must make a return required by regulation 25 using a compatible software return system.]

[<sup>F26</sup>(3) Subject to [<sup>F27</sup>paragraphs (2A) above and (6) below], a person who is registered for VAT must make a return required by regulation 25 using an electronic return system [<sup>F28</sup>that that person is required or authorised to use] whether or not such a person is registered in substitution for another person under regulation 6 (transfer of a going concern).]

(4) In any case where an electronic return system [<sup>F29</sup>or a compatible software return system] is not used, a return must be made using a paper return system.

<sup>F30</sup>(5) .....

(6) <sup>F31</sup>... A person—

- (a) who the Commissioners are satisfied is a practising member of a religious society or order whose beliefs are incompatible with the use of electronic communications, or
- (b) to whom an insolvency procedure as described in any of paragraphs (a) to (f) of section 81(4B) of the Act is applied <sup>F32</sup>... [<sup>F33</sup>, or
- (c) for whom the Commissioners are satisfied that it is not reasonably practicable to make a return using an electronic return system (including any electronic return system that that person is authorised to use) for reasons of disability, age, remoteness of location or any other reason]

[<sup>F34</sup>is not required to make a return required by regulation 25 using an electronic return system].

<sup>F35</sup>(7) .....

(8) Where an electronic return system [<sup>F36</sup>or a compatible software return system] is used, it must take a form approved by the Commissioners in a specific or general direction.

(9) Where a paper return system is used, a return required by regulation 25(1) [<sup>F37</sup>or 25(4)] must be made on the relevant form specified in a notice published by the Commissioners].

(10) A direction under paragraph (8) above may in particular—

- (a) modify or dispense with any requirement of [<sup>F38</sup>the relevant form specified in a notice published by the Commissioners],
- (b) specify circumstances in which the electronic return system [<sup>F39</sup>or a compatible software return system] may be used, or not used, by or on behalf of the person required to make the return,

[<sup>F40</sup>(c) approve telephone filing as a form of electronic return system for use by specified categories of persons.]

For the purposes of sub-paragraph (b), the direction may specify different circumstances for different cases.

(11) An electronic return system [<sup>F41</sup>or a compatible software return system] shall incorporate an electronic validation process.

- (12) Subject to paragraph (13) below and unless the contrary is [F42presumed]—
- (a) the use of an electronic return system [F43or a compatible software return system] shall be proved to have resulted in the making of the return to the Controller only if this has been successfully recorded as such by the relevant electronic validation process,
  - (b) the time of making the return to the Controller using an electronic return system [F43or a compatible software return system] shall be F44... presumed to be the time recorded as such by the relevant electronic validation process, and
  - (c) the person delivering the return to the Controller shall be presumed to be the person identified as such by any relevant feature of the electronic return system [F43or a compatible software return system].

(13) No return shall be treated as having been made using an electronic return system [F45or a compatible software return system] unless it is in the form required by paragraph (8) above.

The requirement in paragraph (8) above incorporates the matters mentioned in paragraph (10) above.

(14) A return made using an electronic return system [F46or a compatible software return system] carries the same consequences as a return made using a paper return system, except in relation to any matter for which alternative or additional provision is made by or under this regulation.

(15) [F47Subject to paragraph (15A)] in relation to returns made for prescribed accounting periods which end on or after 31 March 2011, a F48... person who fails to comply with paragraph [F49(2A) or] (3) above is liable to a penalty.

[  
F50(15A) A person who—

- (a) on 31 March 2012 was registered for VAT with an effective date of registration before that date,
- (b) was not as at 31 March 2012 required to make a return required by regulation 25 using an electronic return system, and
- (c) fails to comply with paragraph (3),

is only liable to a penalty in relation to returns made for prescribed accounting periods which end on or after 31 March 2013.]

(16) But a F51... person who has a reasonable excuse for so failing to comply is not liable to a penalty.

(17) The table below sets out the penalties depending on the level of turnover.

Annual VAT exclusive turnover	Penalty
£22,800,001 and above	£400
£5,600,001 to £22,800,000	£300
£100,001 to £5,600,000	£200
£100,000 and under	£100

(18) A person may appeal against the Commissioners' decision to impose a penalty only on the ground that—

- (a) that person is not [F52a person required to make a return required by regulation 25 using an electronic return system][F53or a compatible software return system],
- (b) the amount of the penalty is incorrect,

- (c) paragraph (3) above was complied with, or
- (d) paragraph (16) above applies.

(19) In calculating a person’s annual VAT exclusive turnover for the purposes of <sup>F54</sup>... the table in paragraph (17) above, the Commissioners shall use any available figures which they determine to be fair and reasonable in the circumstances and such figures shall be taken to be the correct figures for the purposes of the calculation.

(20) Additional time is allowed to make—

- (a) a return using an electronic return system [<sup>F55</sup>, a compatible software return system] or a paper return system for which any related payment is made solely by means of electronic communications (see regulation 25(1) – time for making return, and regulations 40(2) to 40(4) – payment of VAT), or
- (b) a return using an electronic return system [<sup>F56</sup> or a compatible software return system] for which no payment is required to be made.

That additional time is only as the Commissioners may allow in a specific or general direction, and such a direction may allow different times for different means of payment.

The Commissioners need not give a direction pursuant to this paragraph.

(21) Where a corporate body is registered in the names of its divisions pursuant to section 46(1) of the Act, each such separately registered division is “a person” for the purposes of paragraphs <sup>F57</sup>... (12) and (19) above.

(22) In this regulation—

- <sup>F58</sup>(a) . . . . .
- (b) a reference to an appeal is a reference to an appeal made under section 83(1)(zc) of the Act,
- (c) “reasonable excuse” shall have the same limitation as it does in section 71(1)(b) of the Act.

(23) In paragraphs (8) and (20) above “direction” and “direct” refer only to a current direction, and a direction is not current to the extent that it is varied, replaced or revoked by another Commissioners’ direction.]

**Textual Amendments**

- F21** Reg. 25A inserted (1.12.2009) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009 \(S.I. 2009/2978\)](#), regs. 1, **4**
- F22** Reg. 25A(A1) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), regs. 1, **4(a)**
- F23** Words in reg. 25A(1) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), regs. 1, **4(b)**
- F24** Words in reg. 25A(2) substituted (15.10.2012) by [The Value Added Tax \(Amendment\) \(No. 2\) Regulations 2012 \(S.I. 2012/1899\)](#), regs. 2(2), **14(a)**
- F25** Reg. 25A(2A) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), regs. 1, **4(c)**
- F26** Reg. 25A(3) substituted (with effect in accordance with reg. 2 of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2012 \(S.I. 2012/33\)](#), regs. 2, **4**
- F27** Words in reg. 25A(3) substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), regs. 1, **4(d)**
- F28** Words in reg. 25A(3) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) \(No. 2\) Regulations 2014 \(S.I. 2014/1497\)](#), regs. 1(2), **4(a)**
- F29** Words in reg. 25A(4) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), regs. 1, **4(e)**



- F30** Reg. 25A(5) omitted (with effect in accordance with reg. 2 of the amending S.I.) by virtue of The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **5**
- F31** Word in reg. 25A(6) omitted (with effect in accordance with reg. 2 of the amending S.I.) by virtue of The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **6(a)**
- F32** Words in reg. 25A(6)(b) omitted (with effect in accordance with reg. 2 of the amending S.I.) by virtue of The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **6(b)**
- F33** Reg. 25A(6)(c) and word inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) (No. 2) Regulations 2014 (S.I. 2014/1497), regs. 1(2), **4(b)**
- F34** Words in reg. 25A(6) substituted (with effect in accordance with reg. 2 of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **6(c)**
- F35** Reg. 25A(7) omitted (with effect in accordance with reg. 2 of the amending S.I.) by virtue of The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **7**
- F36** Words in reg. 25A(8) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2018 (S.I. 2018/261), regs. 1, **4(e)**
- F37** Words in reg. 25A(9) substituted (15.10.2012) by The Value Added Tax (Amendment) (No. 2) Regulations 2012 (S.I. 2012/1899), regs. 2(2), **14(b)**
- F38** Words in reg. 25A(10)(a) substituted (15.10.2012) by The Value Added Tax (Amendment) (No. 2) Regulations 2012 (S.I. 2012/1899), regs. 2(2), **14(c)**
- F39** Words in reg. 25A(10)(b) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2018 (S.I. 2018/261), regs. 1, **4(e)**
- F40** Reg. 25A(10)(c) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) (No. 2) Regulations 2014 (S.I. 2014/1497), regs. 1(2), **4(c)**
- F41** Words in reg. 25A(11) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2018 (S.I. 2018/261), regs. 1, **4(e)**
- F42** Word in reg. 25A(12)(a) substituted (1.4.2010) by The Value Added Tax (Amendment) Regulations 2010 (S.I. 2010/559), regs. 1, **3(a)**
- F43** Words in reg. 25A(12)(a)-(c) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2018 (S.I. 2018/261), regs. 1, **4(e)**
- F44** Word in reg. 25A(12)(b) omitted (1.4.2010) by virtue of The Value Added Tax (Amendment) Regulations 2010 (S.I. 2010/559), regs. 1, **3(b)**
- F45** Words in reg. 25A(13) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2018 (S.I. 2018/261), regs. 1, **4(e)**
- F46** Words in reg. 25A(14) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2018 (S.I. 2018/261), regs. 1, **4(e)**
- F47** Words in reg. 25A(15) inserted (with effect in accordance with reg. 2 of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **8(a)**
- F48** Word in reg. 25A(15) omitted (with effect in accordance with reg. 2 of the amending S.I.) by virtue of The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **8(b)**
- F49** Words in reg. 25A(15) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2018 (S.I. 2018/261), regs. 1, **4(f)**
- F50** Reg. 25A(15A) inserted (with effect in accordance with reg. 2 of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **9**
- F51** Word in reg. 25A(16) omitted (with effect in accordance with reg. 2 of the amending S.I.) by virtue of The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **10**
- F52** Words in reg. 25A(18)(a) substituted (with effect in accordance with reg. 2 of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **11**
- F53** Words in reg. 25A(18)(a) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2018 (S.I. 2018/261), regs. 1, **4(e)**
- F54** Words in reg. 25A(19) omitted (with effect in accordance with reg. 2 of the amending S.I.) by virtue of The Value Added Tax (Amendment) Regulations 2012 (S.I. 2012/33), regs. 2, **12**
- F55** Words in reg. 25A(20)(a) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Value Added Tax (Amendment) Regulations 2018 (S.I. 2018/261), regs. 1, **4(g)**

- F56** Words in [reg. 25A\(20\)\(b\)](#) inserted (with effect in accordance with [reg. 1\(2\)](#) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), [regs. 1, 4\(e\)](#)
- F57** Word in [reg. 25A\(21\)](#) omitted (with effect in accordance with [reg. 2](#) of the amending S.I.) by virtue of [The Value Added Tax \(Amendment\) Regulations 2012 \(S.I. 2012/33\)](#), [regs. 2, 13](#)
- F58** [Reg. 25A\(22\)\(a\)](#) omitted (with effect in accordance with [reg. 2](#) of the amending S.I.) by virtue of [The Value Added Tax \(Amendment\) Regulations 2012 \(S.I. 2012/33\)](#), [regs. 2, 14](#)

### Accounting for VAT on an acquisition by reference to the value shown on an invoice

**26.** Where the time of the acquisition of any goods from another member State is determined by reference to the issue of an invoice such as is described in regulation 83, VAT shall be accounted for and paid in respect of the acquisition only on so much of its value as is shown on that invoice.

#### Commencement Information

- I3** Reg. 26 in force at 20.10.1995, see [reg. 1](#)

### Supplies under Schedule 4, paragraph 7

**27.** Where goods are deemed to be supplied by a taxable person by virtue of paragraph 7 of Schedule 4 to the Act, the auctioneer on a sale by auction or, where the sale is otherwise than by auction, the person selling the goods, shall, whether or not registered under the Act, within 21 days of the sale—

- (a) furnish to the Controller a statement showing—
  - (i) his name and address and, if registered, his registration number,
  - (ii) the name, address and registration number of the person whose goods were sold,
  - (iii) the date of the sale,
  - (iv) the description and quantity of goods sold at each rate of VAT, and
  - (v) the amount for which they were sold and the amount of VAT charged at each rate,
- (b) pay the amount of VAT due, and
- (c) send to the person whose goods were sold a copy of the statement referred to in subparagraph (a) above, and the auctioneer or person selling the goods, as the case may be, and the person whose goods were sold shall exclude the VAT chargeable on that supply of those goods from any return made under these Regulations.

#### Commencement Information

- I4** Reg. 27 in force at 20.10.1995, see [reg. 1](#)

### Estimation of output tax

**28.** Where the Commissioners are satisfied that a person is not able to account for the exact amount of output tax chargeable in any period, he may estimate a part of his output tax for that period, provided that any such estimated amount shall be adjusted and exactly accounted for as VAT chargeable in the next prescribed accounting period or, if the exact amount is still not known and the Commissioners are satisfied that it could not with due diligence be ascertained, in the next but one prescribed accounting period.

**Modifications etc. (not altering text)**

- C3** Reg. 28 applied (with modifications) (31.12.2020) by [The Value Added Tax \(Miscellaneous and Transitional Provisions, Amendment and Revocation\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1495\)](#), regs. 1(2), **9(a)** (with reg. 4); S.I. 2020/1641, reg. 2, Sch.
- C4** Reg. 28 applied (with modifications) (31.12.2020) by [The Value Added Tax \(Accounting Procedures for Import VAT for VAT Registered Persons and Amendment\) \(EU Exit\) Regulations 2019 \(S.I. 2019/60\)](#), regs. 1, **7** (with reg. 3(1)(2)) (as amended by S.I. 2020/1495, regs. 1(2), 20(3)); S.I. 2020/1641, reg. 2, Sch.
- C5** Reg. 28 modified (31.12.2021) by [The Customs and Value Added Tax \(Managed Transition Procedure\) \(EU Exit\) Regulations 2021 \(S.I. 2021/1375\)](#), regs. 1, **9(a)** (with reg. 4)

**Commencement Information**

- I5** Reg. 28 in force at 20.10.1995, see [reg. 1](#)

**Claims for input tax**

**29. —**

(1) [<sup>F59</sup>Subject to paragraph (1A) below] and save as the Commissioners may otherwise allow or direct either generally or specially, a person claiming deduction of input tax under section 25(2) of the Act shall do so on a return made by him for the prescribed accounting period in which the VAT became chargeable [<sup>F60</sup>save that, where he does not at that time hold the document or invoice required by paragraph (2) below, he shall make his claim on the return for the first prescribed accounting period in which he holds that document or invoice].

[<sup>F61</sup>(1A) [<sup>F62</sup>Subject to paragraph (1B)] the Commissioners shall not allow or direct a person to make any claim for deduction of input tax in terms such that the deduction would fall to be claimed more than [<sup>F63</sup>4 years] after the date by which the return for [<sup>F64</sup>the first prescribed accounting period in which he was entitled to claim that input tax in accordance with paragraph (1) above] is required to be made.]

[<sup>F65</sup>(1B) The Commissioners shall not allow or direct a person to make any claim for deduction of input tax where the return for the first prescribed accounting period in which the person was entitled to claim that input tax in accordance with paragraph (1) above was required to be made on or before 31st March 2006.]

(2) At the time of claiming deduction of input tax in accordance with paragraph (1) above, a person shall, if the claim is in respect of—

- (a) a supply from another taxable person, hold the document which is required to be provided under regulation 13;
- (b) a supply under section 8(1) of the Act, hold the relative invoice from the supplier;
- (c) an importation of goods, hold a document authenticated or issued by the proper officer, showing the claimant as importer, consignee or owner and showing the amount of VAT charged on the goods;
- (d) goods which have been removed from warehouse [<sup>F66</sup>or Northern Ireland warehouse], hold a document authenticated or issued by the proper officer showing the claimant's particulars and the amount of VAT charged on the goods;
- (e) an acquisition by him from another member State of any goods other than a new means of transport, hold a document required by the authority in that other member State to be issued showing his registration number including the prefix “[<sup>F67</sup>XI]”, the registration number of the supplier including the alphabetical code of the member State in which the supplier

is registered, the consideration for the supply exclusive of VAT, the date of issue of the document and description sufficient to identify the goods supplied; or

- (f) an acquisition by him from another member State of a new means of transport, hold a document required by the authority in that other member State to be issued showing his registration number including the prefix “[<sup>F68</sup>XI]”, the registration number of the supplier including the alphabetical code of the member State in which the supplier is registered, the consideration for the supply exclusive of VAT, the date of issue of the document and description sufficient to identify the acquisition as a new means of transport as specified in [<sup>F69</sup>paragraph 83 of Schedule 9ZA to] the Act;

provided that where the Commissioners so direct, either generally or in relation to particular cases or classes of cases, a claimant shall hold [<sup>F70</sup>or provide] such other <sup>F71</sup>... evidence of the charge to VAT as the Commissioners may direct.

(3) Where the Commissioners are satisfied that a person is not able to claim the exact amount of input tax to be deducted by him in any period, he may estimate a part of his input tax for that period, provided that any such estimated amount shall be adjusted and exactly accounted for as VAT deductible in the next prescribed accounting period or, if the exact amount is still not known and the Commissioners are satisfied that it could not with due diligence be ascertained, in the next but one prescribed accounting period.

[<sup>F72</sup>(4) Nothing in this regulation shall entitle a taxable person to deduct more than once input tax incurred on goods imported or acquired by him or on goods or services supplied to him.]

#### Textual Amendments

- F59** Words in reg. 29(1) substituted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, **3(a)**
- F60** Words in reg. 29(1) inserted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, **3(b)**
- F61** Reg. 29(1A) inserted (1.5.1997) by [The Value Added Tax \(Amendment\) Regulations 1997 \(S.I. 1997/1086\)](#), regs. 1, **4(b)**
- F62** Words in reg. 29(1A) inserted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, **3(c)(i)**
- F63** Words in reg. 29(1A) substituted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, **3(c)(ii)**
- F64** Words in reg. 29(1A) substituted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, **3(c)(iii)**
- F65** Reg. 29(1B) inserted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, **3(d)**
- F66** Words in reg. 29(2)(d) inserted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1545\)](#), regs. 1, **46(a)** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.
- F67** Word in reg. 29(2)(e) substituted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1545\)](#), regs. 1, **46(b)** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.
- F68** Word in reg. 29(2)(f) substituted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1545\)](#), regs. 1, **46(c)** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.
- F69** Words in reg. 29(2)(f) substituted (1.8.2021) by [The Value Added Tax \(Amendment\) \(EU Exit\) Regulations 2021 \(S.I. 2021/715\)](#), regs. 1, **26**
- F70** Words in reg. 29(2) substituted (16.4.2003) by [The Value Added Tax \(Amendment\) \(No. 3\) Regulations 2003 \(S.I. 2003/1114\)](#), regs. 1, **3**

**F71** Word in reg. 29(2) deleted (16.4.2003) by The Value Added Tax (Amendment) (No. 3) Regulations 2003 (S.I. 2003/1114), regs. 1, 3

**F72** Reg. 29(4) inserted (1.4.2009) by The Value Added Tax (Amendment) Regulations 2009 (S.I. 2009/586), regs. 1, 3(e)

**Modifications etc. (not altering text)**

**C6** Reg. 29(3) applied (with modifications) (31.12.2020) by The Value Added Tax (Miscellaneous and Transitional Provisions, Amendment and Revocation) (EU Exit) Regulations 2020 (S.I. 2020/1495), regs. 1(2), 9(b) (with reg. 4); S.I. 2020/1641, reg. 2, Sch.

**C7** Reg. 29(3) modified (31.12.2021) by The Customs and Value Added Tax (Managed Transition Procedure) (EU Exit) Regulations 2021 (S.I. 2021/1375), regs. 1, 9(b) (with reg. 4)

**Commencement Information**

**I6** Reg. 29 in force at 20.10.1995, see [reg. 1](#)

**Persons acting in a representative capacity**

**30.** Where any person subject to any requirements under this Part dies or becomes incapacitated and control of his assets passes to another person, being a personal representative, trustee in bankruptcy, receiver, liquidator or person otherwise acting in a representative capacity, that other person shall, if the Commissioners so require and so long as he has such control, comply with these requirements, provided that any requirement to pay VAT shall only apply to that other person to the extent of the assets of the deceased or incapacitated person over which he has control; and save to the extent aforesaid this Part shall apply to such a person, so acting, in the same way as it would have applied to the deceased or incapacitated person had that person not been deceased or incapacitated.

**Commencement Information**

**I7** Reg. 30 in force at 20.10.1995, see [reg. 1](#)

**Records**

**31.** —

(1) Every taxable person shall, for the purpose of accounting for VAT, keep the following records—

- (a) his business and accounting records,
- (b) his VAT account,
- (c) copies of all VAT invoices issued by him,
- (d) all VAT invoices received by him,

[<sup>F73</sup>(da) all certificates—

(i) prepared by him relating to acquisitions by him of goods from other member States,  
or

(ii) given to him relating to supplies by him of goods or services,

provided that, owing to provisions in force which concern fiscal or other warehousing regimes, [<sup>F74</sup>or Northern Ireland fiscal or other Northern Ireland warehousing regimes,] those acquisitions or supplies are either zero-rated or treated for the purposes of the Act as taking place outside the United Kingdom,]

- (e) documentation received by him relating to acquisitions by him of any goods from other member States,
  - (f) copy documentation issued by him relating to the transfer, dispatch or transportation of goods by him to other member States,
  - (g) documentation received by him relating to the transfer, dispatch or transportation of goods by him to other member States,
  - (h) documentation relating to importations and exportations by him, <sup>F75</sup>...
  - [<sup>F76</sup>(i) all documents received in accordance with regulation 15C and copies of such documents provided in accordance with that regulation,]
  - [<sup>F77</sup>(j) a copy of any self-billing agreement within regulation 13(3A) to which he is a party;
  - (k) where he is a customer, party to a self-billing agreement within regulation 13(3A), the name, address and VAT registration number of each supplier with whom he has entered into a self-billing agreement.]
  - [<sup>F78</sup>(l) where the taxable person is subject to the requirements of regulation 32A, the electronic account required by that regulation.]
- (2) The Commissioners may—
- (a) in relation to a trade or business of a description specified by them, or
  - (b) for the purposes of any scheme established by, or under, Regulations made under the Act,
- supplement the list of records required in paragraph (1) above by a notice published by them for that purpose.
- (3) Every person who, at a time when he is not a taxable person, acquires in the United Kingdom from another member State any goods which are subject to a duty of excise or consist of a new means of transport shall, for the purposes of accounting for VAT, keep such records with respect to the acquisition as may be specified in any notice published by the Commissioners in pursuance of this regulation.

#### Textual Amendments

- F73** Reg. 31(1)(da) inserted (28.4.1996) by [The Value Added Tax \(Amendment\) \(No. 3\) Regulations 1996 \(S.I. 1996/1250\)](#), regs. 1(1)(2), **8**
- F74** Words in reg. 31(1)(da) inserted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1545\)](#), regs. 1, **47** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.
- F75** Word in reg. 31(1)(h) omitted (1.9.2019) by virtue of [The Value Added Tax \(Amendment\) Regulations 2019 \(S.I. 2019/1048\)](#), regs. 1, **7(a)** (with reg. 2)
- F76** Reg. 31(1)(i) substituted (1.9.2019) by [The Value Added Tax \(Amendment\) Regulations 2019 \(S.I. 2019/1048\)](#), regs. 1, **7(b)** (with reg. 2)
- F77** Reg. 31(1)(j)(k) inserted (1.1.2004) by [The Value Added Tax \(Amendment\) \(No. 6\) Regulations 2003 \(S.I. 2003/3220\)](#), regs. 1(1)(b), **11**
- F78** Reg. 31(1)(l) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), regs. 1, **5**

#### Commencement Information

- I8** Reg. 31 in force at 20.10.1995, see [reg. 1](#)

[<sup>F79</sup>**31A.**—(1) This regulation applies where a person—



- (a) makes a supply of investment gold of a description falling within item 1 of Group 15 of Schedule 9 to the Act, or
  - (b) makes a supply of a description falling within item 2 of Group 15 of Schedule 9 to the Act, which subsequently results in the transfer of the possession of the investment gold.
- (2) Subject to paragraph (6) below (and save as the Commissioners may otherwise allow in relation to supplies where the value is less than an amount equivalent to [<sup>F80</sup>£13,000] at a rate specified in any notice published by the Commissioners for the purposes of this regulation) in addition to the requirements upon every taxable person under this Part, a person making a supply of a description falling within paragraph (1) above shall—
- (a) without prejudice to regulations 13 and 14, issue an invoice in respect of the supply containing such details as may be specified in a notice published by the Commissioners for the purposes of this regulation;
  - (b) keep and maintain a record of the supply containing such details as may be specified in a notice published by the Commissioners for the purposes of this regulation;
  - (c) retain such documents in relation to the supply as may be specified in a notice published by the Commissioners for the purposes of this regulation;
  - (d) keep and maintain a record of the recipient of the supply containing such particulars pertaining to the recipient as may be specified in a notice published by the Commissioners for the purposes of this regulation;
  - (e) keep and maintain such other records and documents as may be specified in a notice published by the Commissioners for the purposes of this regulation to allow the proper identification of each recipient of the supply;
  - (f) notify the Commissioners in writing that he is making such supplies within 28 days of the first supply;
  - (g) furnish to the Commissioners such information in relation to his making of the supply as may be specified in a notice published by them.
- (3) A taxable person shall keep and maintain, together with the account he is required to keep and maintain under regulation 32 below, a record of exempt supplies of a description falling within item 1 or 2 of Group 15 of Schedule 9 to the Act, that he makes to another taxable person.
- (4) Where there is a sale of investment gold, which would if that person were supplying investment gold in the course or furtherance of any business, fall within item 1 or 2 of Group 15 of Schedule 9 to the Act, by a person who is not trading in investment gold, to a person who is so trading, the purchaser shall issue on behalf of the seller an invoice containing such particulars as may be set out in a notice published by the Commissioners for the purposes of this regulation and the seller shall sign such form of declaration as may be set out in a notice published by the Commissioners for the purposes of this regulation.
- (5) The records required to be kept and the documents required to be retained under paragraphs (1) to (4) above shall be preserved for a minimum period of 6 years.
- (6) Paragraphs (2) to (5) above shall not apply to any person in respect of a supply by him of a description falling within item 1 or 2 of Group 15 of Schedule 9 to the Act the value of which does not exceed £5,000, unless the total value of those supplies to any person over the last 12 months exceeds £10,000.

#### **Textual Amendments**

**F79** Regs. 31A-31C inserted (1.1.2000) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 1999](#) (S.I. 1999/3114), regs. 1, 4

**F80** Sum in Reg. 31A(2) substituted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments and Revocations\) \(EU Exit\) Regulations 2019 \(S.I. 2019/59\)](#), regs. 1, **32**; [S.I. 2020/1641](#), reg. 2, Sch.

### [<sup>F81</sup> Preservation of records

**31AA.**—(1) Subject to paragraph (2) the electronic account required to be kept pursuant to regulation 31(1)(l) must be preserved using functional compatible software.

(2) The obligation under paragraph (1) does not apply to a person to whom the requirements of regulation 32A have ceased to apply.

(3) Subject to paragraph (1) the duty to preserve records required to be kept pursuant to regulations 31 and 31A may be discharged by—

- (a) preserving them in any form or by any means; or
- (b) preserving the information in them by any means,

subject to any conditions or exceptions specified in writing by the Commissioners.

(4) The functional compatible software must take a form approved by the Commissioners in a specific or general direction.

(5) A direction under paragraph (4) may also specify the circumstances in which functional compatible software may be used or not used.]

#### Textual Amendments

- F79** [Regs. 31A-31C](#) inserted (1.1.2000) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 1999 \(S.I. 1999/3114\)](#), regs. 1, **4**
- F81** [Reg. 31AA](#) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), regs. 1, **6**

**31B.** Where a person receives a supply of a description falling within article 31A(1) above that person shall retain the purchase invoice in relation to that supply for a minimum period of 6 years.

#### Textual Amendments

- F79** [Regs. 31A-31C](#) inserted (1.1.2000) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 1999 \(S.I. 1999/3114\)](#), regs. 1, **4**

**31C.** Paragraph 10(2) of Schedule 11 to the Act shall apply in relation to supplies of a description falling within items 1 and 2 of Group 15 of Schedule 9 to the Act as it applies in relation to the supply of goods under taxable supplies.]

#### Textual Amendments

- F79** [Regs. 31A-31C](#) inserted (1.1.2000) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 1999 \(S.I. 1999/3114\)](#), regs. 1, **4**

### The VAT account

**32.** —

(1) Every taxable person shall keep and maintain, in accordance with this regulation, an account to be known as the VAT account.



(2) The VAT account shall be divided into separate parts relating to the prescribed accounting periods of the taxable person and each such part shall be further divided into 2 portions to be known as “the VAT payable portion” and “the VAT allowable portion”.

(3) The VAT payable portion for each prescribed accounting period shall comprise—

- (a) a total of the output tax due from the taxable person for that period,
- (b) a total of the output tax due on acquisitions from other member States by the taxable person for that period,

[<sup>F82</sup>(ba) a total of the tax which the taxable person is required to account for and pay on behalf of the supplier,]

[<sup>F83</sup>(baa) a total of the import VAT which the taxable person is accounting for on his return for that period in accordance with the Value Added Tax (Accounting Procedures for Import VAT for VAT Registered Persons and Amendment) (EU Exit) Regulations 2019,]

- (c) every correction or adjustment to the VAT payable portion which is required or allowed by regulation 34, 35 [<sup>F84</sup>, 38 or 38A], and
- (d) every adjustment to the amount of VAT payable by the taxable person for that period which is required, or allowed, by or under any Regulations made under the Act.

(4) The VAT allowable portion for each prescribed period shall comprise—

- (a) a total of the input tax allowable to the taxable person for that period by virtue of section 26 of the Act,
- (b) a total of the input tax allowable in respect of acquisitions from other member States by the taxable person for that period by virtue of section 26 of the Act,
- (c) every correction or adjustment to the VAT allowable portion which is required or allowed by regulation 34, 35 or 38, and
- (d) every adjustment to the amount of input tax allowable to the taxable person for that period which is required, or allowed, by or under any Regulations made under the Act.

#### Textual Amendments

**F82** Reg. 32(3)(ba) inserted (1.6.2007) by [The Value Added Tax \(Amendment\) \(No.3\) Regulations 2007](#) (S.I. 2007/1418), regs. 1, **4(a)(i)**

**F83** Reg. 32(3)(baa) inserted (31.12.2020) by [The Value Added Tax \(Accounting Procedures for Import VAT for VAT Registered Persons and Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/60), regs. 1, **12(3)(b)** (with reg. 3(1)(2)) (as amended by S.I. 2020/1495, regs. 1(2), 20(3)); S.I. 2020/1641, reg. 2, Sch.

**F84** Words in reg. 32(3)(c) substituted (1.6.2007) by [The Value Added Tax \(Amendment\) \(No.3\) Regulations 2007](#) (S.I. 2007/1418), regs. 1, **4(a)(ii)**

#### Modifications etc. (not altering text)

**C8** Reg. 32(3)(baa) applied (with modifications) (31.12.2020) by [The Value Added Tax \(Miscellaneous and Transitional Provisions, Amendment and Revocation\) \(EU Exit\) Regulations 2020](#) (S.I. 2020/1495), regs. 1(2), **9(c)** (with reg. 4); S.I. 2020/1641, reg. 2, Sch.

**C9** Reg. 32(3)(baa) modified (31.12.2021) by [The Customs and Value Added Tax \(Managed Transition Procedure\) \(EU Exit\) Regulations 2021](#) (S.I. 2021/1375), regs. 1, **9(c)** (with reg. 4)

#### Commencement Information

**I9** Reg. 32 in force at 20.10.1995, see [reg. 1](#)

**[F85] Recording and keeping of information in electronic form**

**32A.**—(1) Subject to regulation 32B a taxable person shall keep and maintain the information specified in paragraphs (2) and (3) in an electronic form (“the electronic account”).

(2) The information specified for the purposes of paragraph (1) is—

- (a) the name of the taxable person;
- (b) the address of the taxable person’s principal place of business;
- (c) the taxable person’s VAT registration number; and
- (d) any VAT accounting schemes used by the taxable person.

(3) Subject to paragraph (4) the information specified for the purposes of paragraph (1) for each accounting period is—

- (a) subject to sub-paragraph (c), for each supply made within the period—
  - (i) the time of supply,
  - (ii) the value of the supply, and
  - (iii) the rate of VAT charged;
- (b) subject to sub-paragraph (c), for each supply received within the period—
  - (i) the time of supply,
  - (ii) the value of the supply, and
  - (iii) the total amount of input tax for which credit is allowable under section 26 of the Act;
- (c) where more than one supply is recorded on a tax invoice and those supplies are either—
  - (i) supplies made which are required to be accounted for in respect of the same prescribed accounting period and are subject to the same rate of VAT, or
  - (ii) supplies received for which credit is allowable in the same prescribed accounting period,
 they may be treated as a single supply for the purposes of either sub-paragraph (a) or (b), whichever is relevant;
- (d) the information specified in each sub-paragraph of paragraphs (3) and (4) of regulation 32;
- (e) where adjustment or correction is made to the VAT account which is required or allowed by any provision of the Act, or any regulations made under the Act, the total amount adjusted or corrected for the period pursuant to that provision or those regulations;
- (f) the proportions of the total of the VAT exclusive value of all outputs for the period which are attributable in each case to standard rated, reduced rated, zero-rated, exempt or outside the scope outputs.

(4) The information specified in paragraph (3) may be varied by direction of the Commissioners to make provision about—

- (a) supplies of investment gold which are subject to the provisions of regulation 31A;
- (b) the operation of the flat-rate scheme under Part 7A of these Regulations (flat-rate scheme for small businesses);
- (c) the operation of retail schemes under Part 9 of these Regulations (supplies by retailers);
- (d) cases where the Commissioners are satisfied that keeping and maintaining information as specified in this regulation is likely to be impossible, impractical or unduly onerous.

(5) The electronic account must be kept and maintained using functional compatible software.

(6) The functional compatible software must take a form approved by the Commissioners in a specific or general direction.

(7) A direction under paragraph (6) may also specify the circumstances in which functional compatible software may be used or not used.

(8) The information specified in paragraph (3) must be entered in the electronic account for the relevant prescribed accounting period no later than the earlier of the date by which the taxable person is required to make the return or the date the return is made for that prescribed accounting period.

(9) Changes to the information specified in paragraph (2) must be made no later than the end of the prescribed accounting period in which those changes occur.

(10) Where a taxable person discovers an error or omission in the electronic account that person must correct the electronic account as soon as possible but in any event no later than the end of the prescribed accounting period in which the error is discovered.

**Textual Amendments**

**F85** Regs. 32A-32C inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), regs. 1, 7

**Exemption from the electronic recording requirements**

**32B.**—(1) The requirements imposed by regulation 32A do not apply to a person—

- (a) who the Commissioners are satisfied is a practising member of a religious society or order whose beliefs are incompatible with the use of electronic communications, or
- (b) for whom an insolvency procedure as described in any of paragraphs (a) to (f) of section 81(4B) of the Act is applied, or
- (c) for whom the Commissioners are satisfied that it is not reasonably practicable to make a return using a compatible software return system for reasons of disability, age, remoteness of location or any other reason.

<sup>F86</sup>(2) .....

<sup>F86</sup>(3) .....

<sup>F86</sup>(4) .....

<sup>F86</sup>(5) .....

(6) The [<sup>F87</sup>exemption under paragraph (1)(b) does] not apply if a person has elected not to be exempt in accordance with regulation 32C.

**Textual Amendments**

**F85** Regs. 32A-32C inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), regs. 1, 7

**F86** Reg. 32B(2)-(5) omitted (1.4.2022) by virtue of [The Value Added Tax \(Amendment\) Regulations 2021 \(S.I. 2021/986\)](#), regs. 1(1), **2(a)** (with reg. 1(2))

**F87** Words in reg. 32B(6) substituted (1.4.2022) by [The Value Added Tax \(Amendment\) Regulations 2021 \(S.I. 2021/986\)](#), regs. 1(1), **2(b)** (with reg. 1(2))

**Election not to be exempt**

**32C.**—(1) An election not to be exempt under regulation 32B must—

- (a) be made before the start of the next prescribed accounting period (“the period”) in which the exemption would otherwise apply, and

- (b) specify the date that the next period begins.
- (2) An election has effect for the next period referred to in paragraph (1)(b) and for subsequent periods in which the exemption would otherwise apply.
- (3) An election may be withdrawn and the withdrawal shall have effect for the period which immediately follows the period in which it is notified and for subsequent periods.
- (4) An election and withdrawal of an election must be made by notice to the Commissioners.]

#### Textual Amendments

**F85** Regs. 32A-32C inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Value Added Tax \(Amendment\) Regulations 2018 \(S.I. 2018/261\)](#), regs. 1, 7

### The register of temporary movement of goods to and from other member States

#### 33. —

(1) Every taxable person shall keep and maintain, in accordance with this regulation, a register to be known as the register of temporary movement of goods to and from other member States.

(2) Where goods have been moved to or received from another member State and they are to be returned within a period of 2 years of the date of their first removal or receipt, as the case may be, the register shall contain the following information—

- (a) the date of removal of goods to another member State,
- (b) the date of receipt of the goods mentioned in sub-paragraph (a) above when they are returned from the member State mentioned in that sub-paragraph or [<sup>F88</sup>a different member State],
- (c) the date of receipt of goods from another member State,
- (d) the date of removal of the goods mentioned in sub-paragraph (c) above when they are returned to the member State mentioned in that sub-paragraph or another member State,
- (e) a description of the goods sufficient to identify them,
- (f) a description of any process, work or other operation carried out on the goods either in the United Kingdom or in another member State,
- (g) the consideration for the supply of the goods, and
- (h) the consideration for the supply of any processing, work or other operation carried out on the goods either in the United Kingdom or another member State.

(3) The Commissioners may in relation to a trade or business of a description specified by them supplement the list of information required in paragraph (2) above by a notice published by them for that purpose.

#### Textual Amendments

**F88** Words in [reg. 33\(2\)\(b\)](#) substituted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1545\)](#), regs. 1, 48 (with [regs. 109-131](#)); [S.I. 2020/1641](#), reg. 2, Sch.

#### Commencement Information

**I10** Reg. 33 in force at 20.10.1995, see [reg. 1](#)

[<sup>F89</sup>33A. A person making supplies of a description falling within article 4 of the Value Added Tax (Terminal Markets) Order 1973 shall not be required to keep in relation to those supplies the records specified in regulations 31 (save for paragraph (1)(a) of that regulation), 31A, 32 and 33 of these Regulations.

**Textual Amendments**

**F89** Regs. 33A, 33B inserted (1.1.2000) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 1999](#) (S.I. 1999/3114), regs. 1, 5

**33B.** Where a person of a description in article 6 of the Value Added Tax (Terminal Markets) Order 1973 who makes or receives supplies of a description falling within that article, the following Parts of these Regulations shall not apply in relation to those supplies, that is to say—

- (a) Part IV;
- (b) Part V.]

**Textual Amendments**

**F89** Regs. 33A, 33B inserted (1.1.2000) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 1999](#) (S.I. 1999/3114), regs. 1, 5

**Correction of errors**

**34.** —

(1) [<sup>F90</sup>Subject to paragraph (1A) below,] this regulation applies where a taxable person has made a return, or returns, to the Controller which overstated or understated his liability to VAT or his entitlement to a payment under section 25(3) of the Act.

[<sup>F91</sup>(1A) Subject to paragraph (1B) [<sup>F92</sup>and (1C)] below, any overstatement or understatement in a return where—

- (a) a period of [<sup>F93</sup>4 years] has elapsed since the end of the prescribed accounting period for which the return was made; and
- (b) the taxable person has not (in relation to that overstatement or understatement) corrected his VAT account in accordance with this regulation before the end of the prescribed accounting period during which that period of [<sup>F94</sup>4 years] has elapsed,

shall be disregarded for the purposes of this regulation; and in paragraphs (2) to (6) of this regulation “overstatement”, “understatement” and related expressions shall be construed accordingly.

(1B) Paragraph (1A) above does not apply where—

- (a) the overstatement or understatement is discovered in a prescribed accounting period which begins before 1st May 1997; and
- (b) the return for that prescribed accounting period has not been made, and was not required to have been made, before that date.]

[<sup>F95</sup>(1C) Where paragraph (1B) above does not apply, any overstatement or understatement in a return shall be disregarded for the purposes of this regulation where the prescribed accounting period for which the return was made or required to be made ended on or before 31st March 2006.]

(2) In this regulation—

- (a) “under-declarations of liability” means the aggregate of—

- (i) the amount (if any) by which credit for input tax was overstated in any return, and
- (ii) the amount (if any) by which output tax was understated in any return;
- (b) “over-declarations of liability” means the aggregate of—
  - (i) the amount (if any) by which credit for input tax was understated in any return, and
  - (ii) the amount (if any) by which output tax was overstated in any return.
- (3) Where, in relation to all such overstatements or understatements discovered by the taxable person during a prescribed accounting period, the difference between—
  - (a) under-declarations of liability, and
  - (b) over-declarations of liability,

does not exceed [<sup>F96</sup>£50,000,] the taxable person may correct his VAT account in accordance with this regulation.

[<sup>F97</sup>But if Box 6 of the taxable person’s return for the prescribed accounting period must contain a total less than £5,000,000, the difference must not for these purposes exceed 1% of that total [<sup>F98</sup>unless the difference is £10,000 or less].

(Box 6 must contain the total value of sales and all other outputs excluding any VAT— [<sup>F99</sup>see regulations 25 and 25A and the relevant forms specified in a notice published by the Commissioners].)

- (4) In the VAT payable portion—
  - (a) where the amount of any overstatements of output tax is greater than the amount of any understatements of output tax a negative entry shall be made for the amount of the excess; or
  - (b) where the amount of any understatements of output tax is greater than the amount of any overstatements of output tax a positive entry shall be made for the amount of the excess.
- (5) In the VAT allowable portion—
  - (a) where the amount of any overstatements of credit for input tax is greater than the amount of any understatements of credit for input tax a negative entry shall be made for the amount of the excess; or
  - (b) where the amount of any understatements of credit for input tax is greater than the amount of any overstatements of credit for input tax a positive entry shall be made for the amount of the excess.
- (6) Every entry required by this regulation shall—
  - (a) be made in that part of the VAT account which relates to the prescribed accounting period in which the overstatements or understatements in any earlier returns were discovered,
  - (b) make reference to the returns to which it applies, and
  - (c) make reference to any documentation relating to the overstatements or understatements.
- (7) Where the conditions referred to in paragraph (3) above do not apply, the VAT account may not be corrected by virtue of this regulation.

**35.** Where a taxable person has made an error—

- (a) in accounting for VAT, or
- (b) in any return made by him,

then, unless he corrects that error in accordance with regulation 34, he shall correct it in such manner and within such time as the Commissioners may require.

### Textual Amendments

- F90** Words in [reg. 34\(1\)](#) inserted (1.5.1997) by [The Value Added Tax \(Amendment\) Regulations 1997 \(S.I. 1997/1086\)](#), regs. 1, [5\(a\)](#)
- F91** [Reg. 34\(1A\)\(1B\)](#) inserted (1.5.1997) by [The Value Added Tax \(Amendment\) Regulations 1997 \(S.I. 1997/1086\)](#), regs. 1, [5\(b\)](#)
- F92** Words in [reg. 34\(1A\)](#) inserted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, [4\(a\)](#)
- F93** Words in [reg. 34\(1A\)\(a\)](#) substituted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, [4\(b\)](#)
- F94** Words in [reg. 34\(1A\)\(b\)](#) substituted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, [4\(c\)](#)
- F95** [Reg. 34\(1C\)](#) inserted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, [4\(d\)](#)
- F96** Sum in [reg. 34\(3\)](#) substituted (1.7.2008) by [The Value Added Tax, etc \(Correction of Errors, etc\) Regulations 2008 \(S.I. 2008/1482\)](#), regs. 1, [2\(1\)](#) (with [reg. 2\(2\)](#))
- F97** Words in [reg. 34\(3\)](#) inserted (1.7.2008) by [The Value Added Tax, etc \(Correction of Errors, etc\) Regulations 2008 \(S.I. 2008/1482\)](#), regs. 1, [2\(1\)](#) (with [reg. 2\(2\)](#))
- F98** Words in [reg. 34\(3\)](#) substituted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), regs. 1, [4\(e\)](#)
- F99** Words in [reg. 34\(3\)](#) substituted (15.10.2012) by [The Value Added Tax \(Amendment\) \(No. 2\) Regulations 2012 \(S.I. 2012/1899\)](#), regs. 2(2), [15](#)

### Modifications etc. (not altering text)

- C10** [Reg. 34](#) modified (with effect in accordance with [reg. 58](#) of the amending S.I.) by [S.I. 2019/60](#), [reg. 7A](#) (as inserted by [The Value Added Tax \(Amendment\) \(EU Exit\) Regulations 2021 \(S.I. 2021/715\)](#), regs. 1, [57](#))

### Commencement Information

- I11** [Reg. 34](#) in force at 20.10.1995, see [reg. 1](#)
- I12** [Reg. 35](#) in force at 20.10.1995, see [reg. 1](#)

## Notification of acquisition of goods subject to excise duty by non-taxable persons and payment of VAT

**36.** —

(1) Where—

- (a) a taxable acquisition of goods subject to excise duty takes place in the United Kingdom,
- (b) the acquisition is not in pursuance of a taxable supply, and
- (c) the person acquiring the goods is not a taxable person at the time of the acquisition,

the person acquiring the goods shall notify the Commissioners of the acquisition at the time of the acquisition or the arrival of the goods in the United Kingdom, whichever is the later.

(2) The notification shall be in writing in the English language and shall contain the following particulars—

- (a) the name and current address of the person acquiring the goods,
- (b) the time of the acquisition,
- (c) the date when the goods arrived in the United Kingdom,
- (d) the value of the goods including any excise duty payable, and

(e) the VAT due upon the acquisition.

(3) The notification shall include a declaration, signed by the person who is required to make the notification, that all the information entered in it is true and complete.

(4) Any person required to notify the Commissioners of an acquisition of goods subject to excise duty shall pay the VAT due upon the acquisition at the time of notification and, in any event, no later than the last day on which he is required by this regulation to make such notification.

(5) Where a person required to make notification dies or becomes incapacitated and control of his assets passes to another person, being a personal representative, trustee in bankruptcy, receiver, liquidator or person otherwise acting in a representative capacity, that other person shall, so long as he has such control, be required to make the notification referred to in this regulation, provided that the requirement to pay the VAT due upon the acquisition shall apply to that other person only to the extent of the assets of the deceased or incapacitated person over which he has control and, save to the extent aforesaid, this regulation shall apply to such person so acting in the same way as it would have applied to the deceased or incapacitated person had that person not been deceased or incapacitated.

**Commencement Information**

**I13** Reg. 36 in force at 20.10.1995, see [reg. 1](#)

**[<sup>F100</sup> Claims for credit for, or repayment of, overstated or overpaid VAT]**

**37.** Any claim under section 80 of the Act shall be made in writing to the Commissioners and shall, by reference to such documentary evidence as is in the possession of the claimant, state the amount of the claim and the method by which that amount was calculated.

**Textual Amendments**

**F100** [Reg. 37](#) heading substituted (1.9.2005 in relation to claims made under 1994 c. 23, s. 80 on or after that date) by [The Value Added Tax \(Amendment\) \(No. 2\) Regulations 2005 \(S.I. 2005/2231\)](#), [regs. 1\(2\), 2](#)

**Commencement Information**

**I14** Reg. 37 in force at 20.10.1995, see [reg. 1](#)

**Adjustments in the course of business**

**38.** —

(1) <sup>F101</sup>... This regulation applies where—

- (a) there is an increase in consideration for a supply, or
- (b) there is a decrease in consideration for a supply,

which includes an amount of VAT and the increase or decrease occurs after the end of the prescribed accounting period in which the original supply took place.

<sup>F102</sup>(1A) .....

<sup>F103</sup>(1B) .....

<sup>F104</sup>(1C) Where an increase or decrease in consideration relates to a supply in respect of which it is for the recipient, on the supplier’s behalf, to account for and pay the tax, the prescribed accounting period referred to in paragraph (1) is that of the recipient, and not the maker, of the supply.



But this paragraph does not apply to the circumstances referred to in regulation 38A.]

[<sup>F105</sup>(2) Where this regulation applies, both the taxable person who makes the supply and a taxable person who receives the supply shall adjust their respective VAT accounts in accordance with the provisions of this regulation.]

- (3) [<sup>F106</sup>Subject to paragraph (3A) below,] the maker of the supply shall—
  - (a) in the case of an increase in consideration, make a positive entry; or
  - (b) in the case of a decrease in consideration, make a negative entry,

for the relevant amount of VAT in the VAT payable portion of his VAT account.

[<sup>F107</sup>(3A) Where an increase or decrease in consideration relates to a supply on which the VAT has been accounted for and paid by the recipient of the supply, any entry required to be made under paragraph (3) shall be made in the recipient’s VAT account and not that of the supplier.]

- (4) The recipient of the supply, if he is a taxable person, shall—
  - (a) in the case of an increase in consideration, make a positive entry; or
  - (b) in the case of a decrease in consideration, make a negative entry,

for the relevant amount of VAT in the VAT allowable portion of his VAT account.

[<sup>F108</sup>(4A) In the case of an increase in consideration, no entry may be made under paragraph (4) unless the recipient of the supply holds the debit note which the supplier is required to provide under regulation 15C(2).]

[<sup>F109</sup>(5) Every entry required by this regulation must be made in that part of the VAT account which relates to the prescribed accounting period in which the increase in consideration or decrease in consideration occurs.]

<sup>F110</sup>(6) .....

(7) None of the circumstances to which this regulation applies is to be regarded as giving rise to any application of regulations 34 and 35 [<sup>F111</sup>except insofar as there is an error arising from a failure to make any entry required by this regulation].

[<sup>F112</sup>(8) Paragraphs (4A) and (5) do not apply in cases where an adjustment in relation to an increase or decrease in consideration has been made in accordance with this regulation before 1st September 2019.]

**Textual Amendments**

- F101** Words in [reg. 38\(1\)](#) omitted (1.4.2009) by virtue of [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), [regs. 1, 5\(a\)](#)
- F102** [Reg. 38\(1A\)](#) omitted (1.4.2009) by virtue of [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), [regs. 1, 5\(b\)](#)
- F103** [Reg. 38\(1B\)](#) omitted (1.4.2009) by virtue of [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), [regs. 1, 5\(c\)](#)
- F104** [Reg. 38\(1C\)](#) inserted (1.6.2007) by [The Value Added Tax \(Amendment\) \(No.3\) Regulations 2007 \(S.I. 2007/1418\)](#), [regs. 1, 4\(b\)\(i\)](#)
- F105** Words in [reg. 38\(2\)](#) substituted (1.4.2009) by [The Value Added Tax \(Amendment\) Regulations 2009 \(S.I. 2009/586\)](#), [regs. 1, 5\(d\)](#)
- F106** Words in [reg. 38\(3\)](#) inserted (1.6.2007) by [The Value Added Tax \(Amendment\) \(No.3\) Regulations 2007 \(S.I. 2007/1418\)](#), [regs. 1, 4\(b\)\(ii\)](#)
- F107** [Reg. 38\(3A\)](#) inserted (1.6.2007) by [The Value Added Tax \(Amendment\) \(No.3\) Regulations 2007 \(S.I. 2007/1418\)](#), [regs. 1, 4\(b\)\(iii\)](#)

- F108** Reg. 38(4A) inserted (1.9.2019) by The Value Added Tax (Amendment) Regulations 2019 (S.I. 2019/1048), regs. 1, **8(a)** (with reg. 2)
- F109** Reg. 38(5) substituted (1.9.2019) by The Value Added Tax (Amendment) Regulations 2019 (S.I. 2019/1048), regs. 1, **8(b)** (with reg. 2)
- F110** Reg. 38(6) omitted (1.9.2019) by virtue of The Value Added Tax (Amendment) Regulations 2019 (S.I. 2019/1048), regs. 1, **8(c)** (with reg. 2)
- F111** Words in reg. 38(7) inserted (1.9.2019) by The Value Added Tax (Amendment) Regulations 2019 (S.I. 2019/1048), regs. 1, **8(d)** (with reg. 2)
- F112** Reg. 38(8) inserted (1.9.2019) by The Value Added Tax (Amendment) Regulations 2019 (S.I. 2019/1048), regs. 1, **8(e)** (with reg. 2)

#### Commencement Information

- I15** Reg. 38 in force at 20.10.1995, see [reg. 1](#)

#### <sup>F113</sup>38ZA.—(1) Where—

- (a) there is a decrease in consideration for a supply of goods which includes an amount of VAT and the decrease occurs after the end of the prescribed accounting period in which the original supply took place,
- (b) the supply is the final supply in a chain of supplies made by taxable persons which relates to the same goods,
- (c) the decrease in consideration is as a result of a relevant payment (which may form part of a larger payment that includes an element of compensation) that reduces the taxable amount which serves as a basis for determination of the VAT payable by the first supplier, and
- (d) the amount of the relevant payment equates to the whole, or a proportion, of the price paid for the goods by the final consumer to the final supplier and does not exceed the amount so paid,

then, in regulation 38(2), the reference to “the taxable person who makes the supply” shall include a reference to the first supplier and the reference to “a taxable person who receives the supply” shall include a reference to a final consumer who is a taxable person.

#### (2) In this regulation—

“cash refund” includes a payment made by cheque or equivalent but does not include the provision of a face-value voucher falling within Schedule 10A to the Act <sup>F114</sup>or a voucher falling within Schedule 10B to the Act;

“final consumer” means the recipient of the supply referred to in paragraph (1)(b);

“final supplier” means the person who makes the supply referred to in paragraph (1)(b);

“first supplier” means the first person in the chain of supplies that ends with the final consumer;

“relevant payment” means—

- (a) a cash refund made by the first supplier direct to the final consumer—
  - (i) to reflect the reduced value (including a reduction to nil) of goods which are faulty, damaged or otherwise do not fully meet expectations of the final consumer,
  - (ii) as a result of a product recall, or
  - (iii) in accordance with the terms of a sales promotion scheme operated by the first supplier under the terms of which the final consumer is required to provide proof of purchase of specified goods to the first supplier; or
- (b) a reimbursement made by the first supplier direct to the final supplier—

- (i) which equates to the redemption value of a money-off coupon issued by the first supplier and used by the final consumer in part payment for goods purchased from the final supplier, or
- (ii) to redeem a money-off coupon issued by the first supplier in any of the circumstances specified in sub-paragraph (a)(i) or (ii) and used by the final consumer in full or part payment for goods purchased from the final supplier.

(3) Where the rate of VAT applicable to the supply made by the first supplier differs from the rate of VAT applicable to the supply made by the final supplier, the adjustment made by the first supplier shall be at the rate of VAT applied by the final supplier.]

#### Textual Amendments

**F113** Reg. 38ZA inserted (1.4.2014) by [The Value Added Tax \(Amendment\) Regulations 2014 \(S.I. 2014/548\)](#), regs. 1, 4

**F114** Words in reg. 38ZA(2) inserted (12.2.2019) by [Finance Act 2019 \(c. 1\)](#), [Sch. 17 para. 6](#)

**[<sup>F115</sup>Adjustments where a supply becomes, or ceases to be, a supply to which section 55A(6) of the Act applies (customers to account for tax on supplies of goods [<sup>F116</sup>or services] of a kind used in missing trader <sup>F117</sup>... fraud)**

**38A.**—(1) Where regulation 38 applies and—

- (a) as a result of an increase in consideration for a supply it becomes one to which section 55A(6) of the Act applies; or
- (b) as a result of a decrease in consideration for a supply it ceases to be one to which that section applies,

both the maker, and the recipient, of the supply shall make such entries in the VAT payable portion of their VAT accounts as are necessary to account for that fact.

(2) [<sup>F118</sup>Paragraph (5) of regulation 38 applies] to any entry required by this regulation as [<sup>F119</sup>it applies] to any entry required by that regulation.

(3) None of the circumstances to which this regulation applies is to be regarded as giving rise to any application of regulations 34 and 35 [<sup>F120</sup>except insofar as there is an error arising from a failure to make any entry required by this regulation].]

#### Textual Amendments

**F115** Reg. 38A inserted (1.6.2007) by [The Value Added Tax \(Amendment\) \(No.3\) Regulations 2007 \(S.I. 2007/1418\)](#), regs. 1, 4(c)

**F116** Words in reg. 38A heading inserted (1.11.2010) by [The Value Added Tax \(Amendment\) \(No. 2\) Regulations 2010 \(S.I. 2010/2240\)](#), regs. 1, 3(1)

**F117** Word in reg. 38A heading omitted (31.12.2020) by virtue of [The Value Added Tax \(Miscellaneous Amendments and Revocations\) \(EU Exit\) Regulations 2019 \(S.I. 2019/59\)](#), regs. 1, 37; S.I. 2020/1641, reg. 2, Sch.

**F118** Words in reg. 38A(2) substituted (1.9.2019) by [The Value Added Tax \(Amendment\) Regulations 2019 \(S.I. 2019/1048\)](#), regs. 1, 9(a)(i) (with reg. 2)

**F119** Words in reg. 38A(2) substituted (1.9.2019) by [The Value Added Tax \(Amendment\) Regulations 2019 \(S.I. 2019/1048\)](#), regs. 1, 9(a)(ii) (with reg. 2)

**F120** Words in reg. 38A(3) inserted (1.9.2019) by [The Value Added Tax \(Amendment\) Regulations 2019 \(S.I. 2019/1048\)](#), regs. 1, 9(b) (with reg. 2)

## Calculation of returns

### 39. —

(1) Where a person is required by regulations made under the Act to make a return to the Controller, the amounts to be entered on that return shall be determined in accordance with this regulation [<sup>F121</sup>and any further requirements that may be contained in a notice published by the Commissioners].

(2) In [<sup>F122</sup>Box 1] shall be entered the aggregate of all the entries in the VAT payable portion of that part of the VAT account which relates to the prescribed accounting period for which the return is made<sup>F123</sup> ... [<sup>F124</sup>except that the total of the output tax due in that period on [<sup>F125</sup>acquisitions of goods made in Northern Ireland from EU member States] shall be entered instead in [<sup>F126</sup>Box 2]].

(3) In [<sup>F127</sup>Box 4] shall be entered the aggregate of all the entries in the VAT allowable portion of that part of the VAT account which relates to the prescribed accounting period for which the return is made.

(4) Where any correction has been made and a return calculated in accordance with these Regulations then any such return shall be regarded as correcting any earlier returns to which regulations 34 and 35 apply.

### Textual Amendments

- F121** Words in [reg. 39\(1\)](#) inserted (1.8.2021) by [The Value Added Tax \(Amendment\) \(EU Exit\) Regulations 2021 \(S.I. 2021/715\)](#), [regs. 1, 27\(a\)](#)
- F122** Words in [reg. 39\(2\)](#) substituted (1.8.2021) by [The Value Added Tax \(Amendment\) \(EU Exit\) Regulations 2021 \(S.I. 2021/715\)](#), [regs. 1, 27\(b\)\(i\)](#)
- F123** Words in [reg. 39\(2\)](#) omitted (31.12.2020) by virtue of [S.I. 2019/60](#), [reg. 12\(4\)\(a\)](#) (as substituted by [The Value Added Tax \(Miscellaneous and Transitional Provisions, Amendment and Revocation\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1495\)](#), [regs. 1\(2\), 20\(4\)\(b\)](#); [S.I. 2020/1641](#), [reg. 2, Sch.](#))
- F124** Words in [reg. 39\(2\)](#) inserted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1545\)](#), [regs. 1, 49](#) (with [regs. 109-131](#)); [S.I. 2020/1641](#), [reg. 2, Sch.](#)
- F125** Words in [reg. 39\(2\)](#) substituted (1.8.2021) by [The Value Added Tax \(Amendment\) \(EU Exit\) Regulations 2021 \(S.I. 2021/715\)](#), [regs. 1, 27\(b\)\(ii\)](#)
- F126** Words in [reg. 39\(2\)](#) substituted (1.8.2021) by [The Value Added Tax \(Amendment\) \(EU Exit\) Regulations 2021 \(S.I. 2021/715\)](#), [regs. 1, 27\(b\)\(iii\)](#)
- F127** Words in [reg. 39\(3\)](#) substituted (1.8.2021) by [The Value Added Tax \(Amendment\) \(EU Exit\) Regulations 2021 \(S.I. 2021/715\)](#), [regs. 1, 27\(c\)](#)

### Commencement Information

- I16** [Reg. 39](#) in force at 20.10.1995, see [reg. 1](#)

## VAT to be accounted for on returns and payment of VAT

[<sup>F128</sup>40.—(1) Any person making a return shall in respect of the period to which the return relates account in that return for—

(a) all his output tax,

[<sup>F129</sup>(aa) all VAT which he is required to pay on behalf of the supplier.]

(b) all VAT for which he is accountable by virtue of Part XVI of these Regulations,

- [<sup>F130</sup>(ba) all import VAT for which he is accounting on that return in accordance with the Value Added Tax (Accounting Procedures for Import VAT for VAT Registered Persons and Amendment) (EU Exit) Regulations 2019,]
- (c) all VAT which he is required to pay as a result of the removal of goods from a fiscal warehousing regime, [<sup>F131</sup>or Northern Ireland fiscal warehousing regime,] and
- (d) all VAT which he is required to pay as a result of a supply of specified services (performed on or in relation to goods at a time when they are subject to a warehousing regime [<sup>F132</sup>or Northern Ireland warehousing regime]) being zero-rated under section 18C(1) of the Act where—
- (i) that warehousing regime [<sup>F132</sup>or Northern Ireland warehousing regime] is one where goods are stored without payment of any duty of excise,
  - (ii) those goods are subject to a duty of excise,
  - (iii) those goods have been the subject of an acquisition from another member State and the material time for that acquisition was while those goods were subject to that warehousing regime [<sup>F132</sup>or Northern Ireland warehousing regime], and,
  - (iv) there was no supply of those goods while they were subject to that warehousing regime [<sup>F132</sup>or Northern Ireland warehousing regime].

The amounts to be entered on that return shall be determined in accordance with these Regulations.

(2) Any person required to make a return shall pay to the Controller such amount of VAT as is payable by him in respect of the period to which the return relates not later than the last day on which he is required to make that return.

[<sup>F133</sup>(2A) Where a return is made [<sup>F134</sup>or is required to be made] in accordance with [<sup>F135</sup>regulations 25 and 25A] above using an electronic return system [<sup>F136</sup>or a compatible software return system], the relevant payment to the Controller required by paragraph (2) above shall be made solely by means of electronic communications that are acceptable to the Commissioners for this purpose.]

[<sup>F137</sup>(2B) With effect from 1st April 2010, where a person makes any payment to the Controller required by paragraph (2) above by cheque (whether or not in contravention of paragraph (2A) above)—

- (a) the payment shall be treated as made on the day when the cheque clears to the account of the Controller, and
- (b) that shall be the day when payment of any VAT shown as due on the return is to be treated as received by the Commissioners for the purposes of section 59 of the Act.

(2C) For the purposes of this regulation, the day on which a cheque clears to the account of the Controller is the second business day following but not including the date of its receipt.

(2D) In this regulation a “business day” is any day except—

- (a) Saturday, Sunday, Good Friday or Christmas Day;
- (b) a bank holiday under the Banking and Financial Dealings Act 1971;
- (c) a day appointed by Royal proclamation as a public fast or thanksgiving day;
- (d) a day declared by an order under section 2(1) of the Banking and Financial Dealings Act 1971 to be a non-business day.]

(3) The requirements of paragraphs (1) or (2) above shall not apply where the Commissioners allow or direct otherwise.]

[<sup>F138</sup>(4) A direction under paragraph (3) may in particular allow additional time for a payment mentioned in paragraph (2) that is made by means of electronic communications.

The direction may allow different times for different means of payment.

(5) Later payment so allowed does not of itself constitute a default for the purposes of section 59 of the Act (default surcharge).]

#### Textual Amendments

- F128** Reg. 40 substituted (28.4.1996) by [The Value Added Tax \(Amendment\) \(No. 3\) Regulations 1996](#) (S.I. 1996/1250), regs. 1(1)(2), **9**
- F129** Reg. 40(1)(aa) inserted (1.6.2007) by [The Value Added Tax \(Amendment\) \(No.3\) Regulations 2007](#) (S.I. 2007/1418), regs. 1, **4(d)**
- F130** Reg. 40(1)(ba) inserted (31.12.2020) by [The Value Added Tax \(Accounting Procedures for Import VAT for VAT Registered Persons and Amendment\) \(EU Exit\) Regulations 2019](#) (S.I. 2019/60), regs. 1, **12(5)(a)** (with reg. 3(1)(2)) (as amended by S.I. 2020/1495, regs. 1(2), 20(3)); S.I. 2020/1641, reg. 2, Sch.
- F131** Words in reg. 40(1)(c) inserted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions\) \(EU Exit\) Regulations 2020](#) (S.I. 2020/1545), regs. 1, **50(a)** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.
- F132** Words in reg. 40(1)(d) inserted (31.12.2020) by [The Value Added Tax \(Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions\) \(EU Exit\) Regulations 2020](#) (S.I. 2020/1545), regs. 1, **50(b)** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.
- F133** Reg. 40(2A) inserted (1.3.2000) by [The Value Added Tax \(Amendment\) Regulations 2000](#) (S.I. 2000/258), regs. 1(2), **4**
- F134** Words in reg. 40(2A) inserted (1.12.2009) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009](#) (S.I. 2009/2978), regs. 1, **5(a)(i)**
- F135** Words in reg. 40(2A) substituted (1.12.2009) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009](#) (S.I. 2009/2978), regs. 1, **5(a)(ii)**
- F136** Words in reg. 40(2A) inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of [The Value Added Tax \(Amendment\) Regulations 2018](#) (S.I. 2018/261), regs. 1, **8**
- F137** Reg. 40(2B)-(2D) inserted (1.12.2009) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2009](#) (S.I. 2009/2978), regs. 1, **5(b)**
- F138** Reg. 40(4)(5) inserted (22.7.2004) by [The Value Added Tax \(Amendment\) \(No. 3\) Regulations 2004](#) (S.I. 2004/1675), regs. 1(1), **5**

#### Modifications etc. (not altering text)

- C11** Reg. 40(1)(ba) applied (with modifications) (31.12.2020) by [The Value Added Tax \(Miscellaneous and Transitional Provisions, Amendment and Revocation\) \(EU Exit\) Regulations 2020](#) (S.I. 2020/1495), regs. 1(2), **9(c)** (with reg. 4); S.I. 2020/1641, reg. 2, Sch.
- C12** Reg. 40(1)(ba) modified (31.12.2021) by [The Customs and Value Added Tax \(Managed Transition Procedure\) \(EU Exit\) Regulations 2021](#) (S.I. 2021/1375), regs. 1, **9(c)** (with reg. 4)

#### Commencement Information

- I17** Reg. 40 in force at 20.10.1995, see [reg. 1](#)

[<sup>F139</sup>**40A.** Where the Commissioners in exercise of their power under section 28(2A) of the Act have directed the manner in which payments on account under section 28 of the Act are to be made, a person who is liable to make such payments shall also pay any amount of VAT payable in respect of a return for any prescribed accounting period in the like manner.]

**Textual Amendments**

**F139** Reg. 40A inserted (1.6.1996) by [The Value Added Tax \(Amendment\) \(No. 2\) Regulations 1996 \(S.I. 1996/1198\)](#), regs. 1, 3

**Accounting etc. by reference to the duty point, and prescribed accounting period in which VAT on certain supplies is to be treated as being chargeable**

**41. —**

(1) Where in respect of—

- (a) any supply by a taxable person of dutiable goods, or
- (b) an acquisition by any person from another member State of dutiable goods,

the time of supply or acquisition, as the case may be, precedes the duty point in relation to those goods, the VAT in respect of that supply or acquisition shall be accounted for and paid, and any question as to the inclusion of any duty in the value of the supply or acquisition shall be determined, by reference to the duty point or by reference to such later time as the Commissioners may allow.

<sup>F140</sup>(2) .....

<sup>F140</sup>(3) .....

**Textual Amendments**

**F140** Reg. 41(2)(3) omitted (28.4.1996) by virtue of [The Value Added Tax \(Amendment\) \(No. 3\) Regulations 1996 \(S.I. 1996/1250\)](#), regs. 1(1)(2), 10

**Commencement Information**

**I18** Reg. 41 in force at 20.10.1995, see [reg. 1](#)

**Accounting for VAT on the removal of goods**

**42. —**

[<sup>F141</sup>(1) This regulation applies—

- (a) where goods have been removed—
  - (i) from Northern Ireland to a member State, or
  - (ii) from a member State to a different Member State or to Northern Ireland; and
- (b) the removal falls within paragraph (f) or (g) of article 4 of the Removal Order.]

(2) Except where paragraph (3) below applies in respect of the same prescribed accounting period, the owner shall not make any entry in the VAT payable portion of that part of his VAT account which relates to the prescribed accounting period in which he would be liable to account for any VAT chargeable in respect of the removal.

(3) Where—

- (a) the condition described in article 5 of the Removal Order has not been complied with, and
- (b) an amount of VAT has become payable,

the owner shall make a positive entry for the relevant amount of VAT in the VAT payable portion of that part of his VAT account which relates to the prescribed accounting period in which the condition was not complied with.



### Textual Amendments

**F141** Reg. 42(1) substituted (31.12.2020) by The Value Added Tax (Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions) (EU Exit) Regulations 2020 (S.I. 2020/1545), regs. 1, **51** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.

### Commencement Information

**I19** Reg. 42 in force at 20.10.1995, see **reg. 1**

## Goods removed from warehousing regime

### 43. —

(1) This regulation applies to a registered person who is an approved person within the meaning of the Excise Duties (Deferred Payment) Regulations 1992(3) in respect of goods which are at a specified warehouse [<sup>F142</sup>or Northern Ireland warehouse].

[<sup>F143</sup>(2) Where a person to whom this regulation applies is—

- (a) the person who is liable under section 18(4)(b) of [<sup>F144</sup>, or paragraph 16(8) of Schedule 9ZB to,]the Act to pay VAT on a supply of goods while the goods are subject to a warehousing regime [<sup>F145</sup>or Northern Ireland warehousing regime, as the case may be], or
- (b) liable under section 18D(2) of the Act to pay VAT on a supply of services to which section 18C(3) of the Act applies (specified services performed on or in relation to goods which are subject to a warehousing regime),

he may pay that VAT at or before the relevant time determined in accordance with paragraph (3) below instead of at the time provided for by sections 18(4)(b) [<sup>F146</sup>or 18D(2)(a) of, or paragraph 16(8) of Schedule 9ZB to, the Act].]

(3) For the purposes of paragraph (2) above the relevant time means—

- (a) in relation to hydrocarbon oils, the 15th day of the month immediately following the month in which the hydrocarbon oils were removed from the warehousing regime;
- (b) in relation to any other goods subject to a duty of excise, the day (payment day) on which the registered person is required to pay the excise duty on the goods in accordance with regulation 5 of the Excise Duties (Deferred Payment) Regulations 1992.

(4) Where any goods of a kind chargeable to a duty of excise qualify for any relief of that duty, that relief shall be disregarded for the purposes of determining the relevant time under paragraph (3) above.

### Textual Amendments

**F142** Words in reg. 43(1) inserted (31.12.2020) by The Value Added Tax (Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions) (EU Exit) Regulations 2020 (S.I. 2020/1545), regs. 1, **52(a)** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.

**F143** Reg. 43(2) substituted (28.4.1996) by The Value Added Tax (Amendment) (No. 3) Regulations 1996 (S.I. 1996/1250), regs. 1(1)(2), **11**

**F144** Words in reg. 43(2)(a) inserted (31.12.2020) by The Value Added Tax (Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions) (EU Exit) Regulations 2020 (S.I. 2020/1545), regs. 1, **52(b)(i)(aa)** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.



- F145** Words in reg. 43(2)(a) inserted (31.12.2020) by The Value Added Tax (Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions) (EU Exit) Regulations 2020 (S.I. 2020/1545), regs. 1, **52(b)(i)(bb)** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.
- F146** Words in reg. 43(2) substituted (31.12.2020) by The Value Added Tax (Miscellaneous Amendments, Northern Ireland Protocol and Savings and Transitional Provisions) (EU Exit) Regulations 2020 (S.I. 2020/1545), regs. 1, **52(b)(ii)** (with regs. 109-131); S.I. 2020/1641, reg. 2, Sch.

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**Commencement Information**

- I20** Reg. 43 in force at 20.10.1995, see **reg. 1**

**Changes to legislation:**

There are currently no known outstanding effects for the The Value Added Tax Regulations 1995, PART V.