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STATUTORY INSTRUMENTS

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**2010 No. 2940**

**VALUE ADDED TAX**

**The Value Added Tax (Amendment) (No. 3) Regulations 2010**

*Made* - - - - *8th December 2010*  
*Laid before the House of*  
*Commons* - - - - *10th December 2010*  
*Coming into force* - - *4th January 2011*

The Commissioners for Her Majesty's Revenue and Customs<sup>(1)</sup> make the following Regulations in exercise of the powers conferred by sections 26B<sup>(2)</sup>, 39(1) and (3)<sup>(3)</sup> of, and paragraph 2A<sup>(4)</sup> of Schedule 11 to, the Value Added Tax Act 1994<sup>(5)</sup>.

**Citation, commencement and effect**

1. These Regulations may be cited as the Value Added Tax (Amendment) (No. 3) Regulations 2010 and come into force on 4th January 2011.

**Amendment of the Value Added Tax Regulations 1995**

2. The Value Added Tax Regulations 1995<sup>(6)</sup> are amended as follows.

**Change of rate, supplementary charge invoices**

3. In regulation 15A (change of rate, supplementary charge invoices), after "Schedule 3 to the Finance Act 2009" insert "or Schedule 2 to the Finance (No. 2) Act 2010<sup>(7)</sup>".

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- (1) The functions of the Commissioners of Customs and Excise were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5 of the Commissioners for Revenue and Customs Act 2005 (c. 11). Section 50(1) of that Act provides that a reference to the Commissioners of Customs and Excise shall be taken as a reference to the Commissioners for Her Majesty's Revenue and Customs.
- (2) Section 26B was inserted by section 23(1) and (4) of the Finance Act 2002 (c. 23).
- (3) Section 39 was amended by section 77(1) and (2) of the Finance Act 2009 (c. 10).
- (4) Paragraph 2A of Schedule 11 was inserted by section 24(2) and (5) of the Finance Act 2002 with effect from 1 December 2003 by virtue of S.I. 2003/3043 and its scope was extended by paragraph 22 of Schedule 3 to the Finance Act 2009 and paragraph 22 of Schedule 2 to the Finance (No. 2) Act 2010 (c. 31).
- (5) 1994 c. 23; section 96(1) defines "the Commissioners" as meaning the Commissioners of Customs and Excise and "regulations" as meaning regulations made by the Commissioners under the Act.
- (6) S.I. 1995/2518; relevant amending instruments are 2002/1142, 2003/1069, 2003/3220, 2009/586 and 2009/3241.
- (7) 2010 c. 31.

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

#### Flat-rate scheme for small businesses

4. For the Table in regulation 55K (flat rate scheme for small businesses, category of business), substitute—

<i>“Category of business”</i>	<i>Appropriate percentage</i>
Accountancy or book-keeping	14.5
Advertising	11
Agricultural services	11
Any other activity not listed elsewhere	12
Architect, civil and structural engineer or surveyor	14.5
Boarding or care of animals	12
Business services that are not listed elsewhere	12
Catering services including restaurants and takeaways	12.5
Computer and IT consultancy or data processing	14.5
Computer repair services	10.5
Dealing in waste or scrap	10.5
Entertainment or journalism	12.5
Estate agency or property management services	12
Farming or agriculture that is not listed elsewhere	6.5
Film, radio, television or video production	13
Financial services	13.5
Forestry or fishing	10.5
General building or construction services*	9.5
Hairdressing or other beauty treatment services	13
Hiring or renting goods	9.5
Hotel or accommodation	10.5
Investigation or security	12
Labour-only building or construction services*	14.5
Laundry or dry-cleaning services	12
Lawyer or legal services	14.5
Library, archive, museum or other cultural activity	9.5
Management consultancy	14
Manufacturing fabricated metal products	10.5

\* “Labour-only building or construction services” means building or construction services where the value of materials supplied is less than 10 per cent of relevant turnover from such services; any other building or construction services are “general building or construction services”.

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<i>“Category of business</i>	<i>Appropriate percentage</i>
Manufacturing food	9
Manufacturing that is not listed elsewhere	9.5
Manufacturing yarn, textiles or clothing	9
Membership organisation	8
Mining or quarrying	10
Packaging	9
Photography	11
Post offices	5
Printing	8.5
Publishing	11
Pubs	6.5
Real estate activity not listed elsewhere	14
Repairing personal or household goods	10
Repairing vehicles	8.5
Retailing food, confectionary, tobacco, newspapers or children’s clothing	4
Retailing pharmaceuticals, medical goods, cosmetics or toiletries	8
Retailing that is not listed elsewhere	7.5
Retailing vehicles or fuel	6.5
Secretarial services	13
Social work	11
Sport or recreation	8.5
Transport or storage, including couriers, freight, removals and taxis	10
Travel agency	10.5
Veterinary medicine	11
Wholesaling agricultural products	8
Wholesaling food	7.5
Wholesaling that is not listed elsewhere	8.5”

\* “Labour-only building or construction services” means building or construction services where the value of materials supplied is less than 10 per cent of relevant turnover from such services; any other building or construction services are “general building or construction services”.

**5. In regulation 55M (withdrawal from the scheme)—**

- (a) in paragraph (1)(a), for “£225,000” substitute “£230,000”,
- (b) in paragraph (1)(b), for “£225,000 substitute “£230,000”, and

- (c) in paragraph (2), for “£187,500” substitute “£191,500”.

**Repayments to Community traders**

6. In regulation 173P (the day by which a claim under this Part must be made)—

- (a) at the beginning of paragraph (1) insert “Subject to paragraph (1A),”; and  
(b) after paragraph (1) insert—

“(1A) A repayment application in respect of a repayment period falling within the repayment year commencing on 1st January 2009 must be submitted in accordance with regulation 173I(c) before 1st April 2011.”.

*Dave Hartnett  
Steve Lamey*

Two of the Commissioners for Her Majesty’s  
Revenue and Customs

8th December 2010

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## EXPLANATORY NOTE

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

These Regulations come into force on 4th January 2011 and amend Parts 3 (VAT invoices and other invoicing requirements), 7A (flat-rate scheme for small businesses) and 20 (repayments to Community traders) of the Value Added Tax Regulations 1995 (S.I. 1995/2518).

Regulation 3 amends regulation 15A (change of rate, supplementary charge invoices) to include a reference to a supplementary charge due under Schedule 2 to the Finance (No. 2) Act 2010 as a consequence of the increase in the standard rate of VAT from 17.5% to 20% on 4th January 2011.

Regulation 4 amends regulation 55K (flat rate scheme for small businesses, category of business) to substitute a new table with revised percentages to reflect the increase in the VAT rate.

Regulation 5 amends regulation 55M (withdrawal from the flat rate scheme) to provide for revised figures relating to exit thresholds to reflect the increase in the VAT rate.

Regulation 6 amends regulation 173P (day by which a claim under this Part must be made) to implement an amendment made by Council Directive 2010/66/EU (OJ No L 275, 20.10.2010, p 1) to Council Directive 2008/9/EC (OJ No L 44, 20.02.2008, p 23) which lays down the rules for the refund of VAT incurred by a taxable person in a Member State other than the Member State in which that person is established. Its effect is that claims for repayment of VAT incurred in the year commencing on 1st January 2009 may be submitted to Her Majesty's Revenue and Customs until 31st March 2011.

A full Impact Assessment has not been produced in relation to this instrument as it has no impact on business, charities or voluntary bodies.

A full Impact Assessment of the effect that the increase in the VAT rate will have on the costs of business and the voluntary sector is available at <http://www.hmrc.gov.uk/better-regulation/ia.htm>.