

2014 No. 548

VALUE ADDED TAX

The Value Added Tax (Amendment) Regulations 2014

Made - - - - *10th March 2014*

Laid before the House of Commons *10th March 2014*

Coming into force - - *1st April 2014*

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by sub-paragraphs (4) to (5B), (10)(b) and (11) of paragraph 2 of Schedule 11 to the Value Added Tax Act 1994(a) and sections 132 and 133 of the Finance Act 1999(b).

Citation and commencement

1. These Regulations may be cited as the Value Added Tax (Amendment) Regulations 2014 and come into force on 1st April 2014.

Amendment of the Value Added Tax Regulations 1995

2. The Value Added Tax Regulations 1995(c) are amended as follows.

3. In regulation 4B (electronic communication: specified communications), in paragraph (j) after “(3)” insert “, (3A) or (4)”.

4. After regulation 38 (adjustments in the course of business) insert—

“**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

(a) 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; sub-paragraphs (5A) to (5D) of paragraph 2 of Schedule 11 were inserted by section 202 of the Finance Act 2012 (c. 14). 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.

(b) 1999 c. 16; section 132 was amended by paragraph 156 of Schedule 17 to the Communications Act 2003 (c. 21).

(c) S.I. 1995/2518; relevant amendments were made by S.I. 1997/1086, 2007/1418, 2009/586, 2010/2240, 2012/1899 which inserted regulations 4A and 4B and 2013/701 which inserted regulation 148A.

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(a);

“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.”.

5. In regulation 148A (notification of the arrival in the United Kingdom of motorised land vehicles and payment of VAT)—

(a) after paragraph (3) insert—

“(3A) Where a person falling within paragraph (2)(a) makes a decision that the land vehicle in question will not be registered using the secure registration and licensing system (whether because it is not required to be registered for road use in the United Kingdom or for any other reason), that person must notify the Commissioners of the arrival of that land vehicle in the United Kingdom within 14 days of the date of that decision.”;

(b) for paragraph (4) substitute—

“(4) Where a person falling within paragraph (2)(c) makes a decision—

- (a) to register the land vehicle in question for road use in the United Kingdom, or

(a) Schedule 10A was inserted by section 19 of, and paragraph 2 of Schedule 1 to, the Finance Act 2003 (c. 14).

(b) to keep the land vehicle in the United Kingdom for a period longer than that specified in sub-paragraph (c)(ii) in circumstances where that land vehicle is not required to be registered for road use in the United Kingdom,

that person must notify the Commissioners of the arrival in the United Kingdom of that land vehicle within 14 days of the date of that decision.”;

(c) omit paragraph (9)(c); and

(d) after paragraph (9) insert—

“(9A) In any case falling within paragraph (3A) or (4), the date of the relevant decision is to be treated as the date of the arrival in the United Kingdom of the land vehicle in question for the purposes of paragraph (9)(b).”.

Ruth Owen
Edward Troup

10th March 2014

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

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Value Added Tax Regulations 1995 (S.I. 1995/2518).

Regulation 3 inserts a reference to a notification under regulation 148A(3A) and (4) to the list of specified communications in regulation 4B (specified communications are communications that can be made using an electronic communication system as specified in regulation 4A).

Regulation 4 inserts a new regulation 38ZA which extends the references in regulation 38(2) in specified circumstances to require both the first supplier in a chain of taxable supplies in the United Kingdom and a final consumer at the end of that chain who is a taxable person to adjust their VAT accounts where the consideration for the final supply in the chain has decreased as the result of the first supplier having made a relevant payment as defined.

Regulation 5 amends regulation 148A to require certain excepted relevant persons to make a late notification of the arrival in the United Kingdom of a land vehicle where there is a change of intention in relation to that land vehicle after its arrival. The notification is to be made within 14 days of the date of the relevant decision. In addition, it makes provision for the date of the relevant decision to be treated as the date of arrival for notification purposes to comply with the specifications of the online notification system which requires the date of arrival to be entered for the purpose of the record that is kept and the calculation of the 14 day time period.

A Tax Information and Impact Note has not been prepared in relation to the changes made by regulations 3 and 5 as they contain no substantive changes to tax policy.

A Tax Information and Impact Note relating to the changes made by regulation 4 will be published on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>.

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