STATUTORY INSTRUMENTS

# 2015 No. 1978

# VALUE ADDED TAX

## The Value Added Tax (Amendment) Regulations 2015

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| *Made - - - -* | *7th December 2015* |
| *Laid before the House of Commons - - - -* | *9th December 2015* |
| *Coming into force - -* | *1st January 2016* |

The Commissioners for Her Majesty's Revenue and Customs, in exercise of the powers conferred by sections 25(1) and 26(1), (3) and (4) of the Value Added Tax Act 1994(**1**), make the following Regulations:

**Citation, commencement and effect**

**1.** These Regulations may be cited as the Value Added Tax (Amendment) Regulations 2015 and come into force on 1st January 2016.

**2.**—(1) Regulations 4, 5 and 6 have effect as follows—

(a) regulation 4 will have effect in relation to longer periods commencing on or after 1st January 2016,

(b) regulation 5 will have effect in relation to methods approved or directed under regulation 102 of the Value Added Tax Regulations 1995(**2**) on or after 1st January 2016,

(c) regulation 6 will have effect in relation to prescribed accounting periods commencing on or after 1st January 2016.

(2) "Longer periods" in paragraph (1)(a) and "prescribed accounting periods" in paragraph (1)(c), mean the longer period and prescribed accounting period determined under Part 14 of the Value Added Tax Regulations 1995.

(**1**) 1994 c.23 ("the Act"). Section 96(1) of the Act defines "the Commissioners" to mean "the Commissioners of Customs and Excise" and "regulations" as meaning regulations made by the Commissioners under the Act. The functions of the Commissioners of Customs and Excise were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5(1) of the Commissioners for Revenue and Customs Act 2005 (c.11), section 50(1) of which 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. Section 26(4) of the Act was amended by section 19 of, and paragraph 2 of Schedule 8 to, the Finance (No. 3) Act 2010 (c.33).

(**2**) S.I. 1995/2518; relevant amending instruments are S.I. 1996/1250, S.I. 1999/3114, S.I. 2004/3140, S.I 2005/762, S.I. 2007/768, S.I. 2009/820, S.I. 2010/559.

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

**3.** The Value Added Tax Regulations 1995 are amended as follows.

**4.** In regulation 101 (input tax and partial exemption: attribution of input tax to taxable supplies) —

(a) in paragraph (3)—

(i) after sub-paragraph (d), omit "and", and

(ii) after sub-paragraph (e), insert—

", and

(f) the value of supplies made from an establishment situated outside the United Kingdom.";

(b) in paragraph (8) omit sub-paragraph (b) and the preceding "; or".

**5.** In paragraph (1A) of regulation 102 (input tax and partial exemption: use of other methods)—

(a) after sub-paragraph (b), omit "and";

(b) after sub-paragraph (c) insert—

"(d) may be based on sectors provided that the method reflects the use made of the goods and services in the business and each sector reflects—

(i) the use made of the goods and services in that sector,

(ii) the structure of the business, and

(iii) the type of activity undertaken by that sector, and

(e) must exclude the value of supplies made from an establishment situated outside the United Kingdom where the method is not based on sectors.".

**6.** In regulation 103 (input tax and partial exemption: attribution of input tax to foreign and specified supplies)—

(a) renumber that regulation as regulation 103(1),

(b) after "directed by the Commissioners under regulation 102," insert "subject to paragraph (1A)",

(c) after paragraph (1) insert—

"(1A) In calculating the proportion of any input tax incurred on goods or services used or to be used by a taxable person in making both taxable and exempt supplies which is to be attributed or treated as attributed to taxable supplies, the calculation—

(a) may be based on sectors provided that the calculation reflects the use made of the goods and services in the business and each sector reflects—

(i) the use made of the goods and services in that sector,

(ii) the structure of the business, and

(ii) the type of activity undertaken by that sector; and

(b) must exclude the value of supplies made from an establishment situated outside the United Kingdom where the calculation is not based on sectors.".