



Finance Act 1981

1981 CHAPTER 35

PART II

VALUE ADDED TAX

12 Registration

- (1) In paragraph 1 of Schedule 1 to the Finance Act 1972 (liability to be registered)—
 - (a) for "£4,000" there shall be substituted " £5,000 "; and
 - (b) for " £13,500 ", in each place, there shall be substituted " £15,000 ";and in section 20(1) of that Act (registration of local authorities) for "£13,500", in both places, there shall be substituted " £15,000 ".
- (2) In paragraph 2 of the said Schedule 1 (termination of liability to be registered)—
 - (a) for "£13,500", in both places, there shall be substituted " £15,000 "; and
 - (b) for " £12,500 " there shall be substituted " £14,000 ".
- (3) For paragraph 7 of the said Schedule 1 (discretionary registration) there shall be substituted—

“7 (1) Where a person who satisfies the Commissioners that he intends to make taxable supplies from a specified date and will be liable to be registered when he does so requests to be registered the Commissioners may, subject to such conditions as they think fit to impose, register him from such date as may be agreed between them and that person.

(2) The Commissioners may cancel the registration of a person under this paragraph if he does not begin to make taxable supplies by the date specified in his request or does not become liable to be registered from that date.”
- (4) In sub-paragraph (1)(b) of paragraph 11 of the said Schedule 1 (discretionary registration or exemption from registration) for the words " a person who makes or intends to make taxable supplies " there shall be substituted the words " a person who

Status: This is the original version (as it was originally enacted).

makes or satisfies the Commissioners that he intends to make taxable supplies " ; and after that sub-paragraph there shall be inserted—

“(1A) A person exempted from registration under sub-paragraph (1)(a) above shall notify the Commissioners without delay of any material change in the nature of the supplies made by him and of any material alteration in any quarter in the proportion of his taxable supplies that are zero-rated.”

- (5) Subsection (1) above shall be deemed to have come into force on 11th March 1981 and subsection (2) above on 1st June 1981.

13 Goods acquired before incorporation

In section 3(8) of the Finance Act 1972 (power to make regulations about input tax) after paragraph (b) there shall be inserted—

“(bb) for a taxable person that is a body corporate to count as its input tax, in such circumstances, to such extent and subject to such conditions as may be prescribed, tax under either of those Parts on the supply or importation of goods acquired for it before its incorporation or on the supply of services before that time for its benefit or in connection with its incorporation ;”.

14 Valuation: special cases

- (1) In Schedule 3 to the Finance Act 1972, for paragraphs 1 to 3 there shall be substituted—

“1 (1) Where—

- (a) the value of a supply made by a taxable person for a consideration in money is (apart from this paragraph) less than its open market value, and
 - (b) the person making the supply and the person to whom it is made are connected, and
 - (c) the person to whom the supply is made is not entitled under sections 3 and 4 of this Act to credit for all the tax on the supply,
- the Commissioners may direct that the value of the supply shall be taken to be its open market value.

- (2) A direction under this paragraph shall be given by notice in writing to the person making the supply, but no direction may be given more than three years after the time of the supply.

- (3) A direction given to a person under this paragraph in respect of a supply made by him may include a direction that the value of any supply—

- (a) which is made by him after the giving of the notice, or after such later date as may be specified in the notice, and
- (b) as to which the conditions in paragraphs (a) to (c) of sub-paragraph (1) above are satisfied,

shall be taken to be its open market value.

- (4) For the purposes of this paragraph any question whether a person is connected with another shall be determined in accordance with section 533 of the Income and Corporation Taxes Act 1970.

Status: This is the original version (as it was originally enacted).

(5) This paragraph does not apply to a supply to which paragraph 9 A below applies.

2 (1) Where—

- (a) goods are imported at a price in money which (together with all such taxes, duties, charges and costs as are specified in subsection (2)(a) and (b) of section 11 of this Act and not included in the price) is less than their value as determined in accordance with subsection (3) of that section, and
- (b) the person importing the goods and the person entitled to the price are connected, and
- (c) the person importing the goods is not entitled under sections 3 and 4 of this Act to credit for all the tax paid or payable by him on the importation,

the Commissioners may direct that the value of the goods shall be taken to be their value as determined in accordance with the said subsection (3).

(2) A direction under this paragraph shall be given by notice in writing to the person importing the goods, but no direction may be given more than three years after the time of importation.

(3) A direction given to a person under this paragraph in respect of goods imported by him may include a direction that the value of any goods—

- (a) which are imported by him after the giving of the notice, or after such later date as may be specified in the notice, and
- (b) as to which the conditions in paragraphs (a) to (c) of sub-paragraph (1) above are satisfied,

shall be taken to be their value as determined in accordance with section 11(3) of this Act.

(4) For the purposes of this paragraph any question whether a person is connected with another shall be determined in accordance with section 533 of the Income and Corporation Taxes Act 1970.

3 Where—

- (a) the whole or part of a business carried on by a taxable person consists in supplying to a number of persons goods to be sold, whether by them or others, by retail, and
- (b) those persons are not taxable persons,

the Commissioners may by notice in writing to the taxable person direct that the value of any such supply by him after the giving of the notice or after such later date as may be specified therein shall be taken to be its open market value on a sale by retail.”.

(2) In paragraphs 7 and 8 of that Schedule, at the end, there shall be added the words " except where paragraph 9A below applies ".

(3) After paragraph 9 of that Schedule there shall be inserted—

“9A (1) This paragraph applies to a supply of goods or services, whether or not for a consideration, which is made by an employer and consists of—

- (a) the provision in the course of catering of food or beverages to his employees, or

Status: This is the original version (as it was originally enacted).

- (b) the provision of accommodation for his employees in a hotel, inn, boarding house or similar establishment.
- (2) The value of a supply to which this paragraph applies shall be taken to be nil unless the supply is for a consideration consisting wholly or partly of money, and in that case its value shall be determined without regard to any consideration other than money.”

15 Appeals

In section 40 of the Finance Act 1972, after subsection (5) there shall be added—

- “(6) Where an appeal under this section is against a decision of the Commissioners which depended upon a prior decision taken by them in relation to the appellant, the fact that the prior decision is not within subsection (1) above shall not prevent the tribunal from allowing the appeal on the ground that it would have allowed an appeal against the prior decision.”