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SCHEDULES

SCHEDULE 6

VALUE ADDED TAX

PART I

SUBSTANTIVE AMENDMENTS OF [FINANCE ACT 1972 \(C. 41\)](#), PART I

1 For sections 2 to 6 of the 1972 Act (scope of tax, deduction of input tax, taxable persons, supply and self-supply) the following sections shall be substituted—

“2 Scope of Tax

- (1) Tax shall be charged on any supply of goods or services made in the United Kingdom, where it is a taxable supply made by a taxable person in the course or furtherance of any business carried on by him.
- (2) A person who makes or intends to make taxable supplies is a taxable person while he is or is required to be registered under this Part of this Act; and a taxable supply is a supply of goods or services made in the United Kingdom, other than an exempt supply.
- (3) Tax on any supply of goods or services is a liability of the person making the supply and (subject to provisions about accounting and payment) becomes due at the time of supply.
- (4) Tax on the importation of goods shall be charged and payable as if it were a duty of customs.
- (5) Schedule 1 to this Act has effect with respect to registration.

3 Credit for input tax against output tax.

- (1) A taxable person shall, in respect of supplies made by him, account for and pay tax by reference to such periods ("prescribed accounting periods"), at such time and in such manner as may be determined by or under regulations.
- (2) Subject to the provisions of this section, he is entitled at the end of each such period to credit for so much of his input tax as is allowable under section 4 below, and then to deduct that amount from any output tax that is due from him.
- (3) Subject to subsection (4), "input tax", in relation to a taxable person, means the following tax, that is to say—
 - (a) tax on the supply to him of any goods or services ; and
 - (b) tax paid or payable by him on the importation of any goods,

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being (in either case) goods or services used or to be used for the purpose of any business carried on or to be carried on by him; and " output tax " means tax on supplies which he makes.

- (4) Where goods or services supplied to a taxable person, or goods imported by him, are used or to be used partly for the purposes of a business carried on or to be carried on by him and partly for other purposes, tax on supplies and importations is apportioned so that only so much as is referable to his business purposes is counted as his input tax.
- (5) If either no output tax is due at the end of the period, or the amount of the credit exceeds that of the tax, then the amount of the credit or, as the case may be, the amount of the excess shall be paid to the taxable person by the Commissioners.
- (6) But the whole or any part of the credit may, subject to and in accordance with regulations, be held over to be credited in and for a subsequent period ; and the regulations may allow for it to be so held over either on the taxable person's own application or in accordance with general or special directions given by the Commissioners from time to time.
- (7) No deduction shall be made under subsection (2), nor shall any payment be made under subsection (5), except on a claim made in such manner and at such time as may be determined by or under regulations; and, in the case of a person who has made no taxable supplies in the period concerned or any previous period, payment under subsection (5) shall be made subject to such conditions (if any) as the Commissioners think fit to impose, including conditions as to repayment in specified circumstances.
- (8) Regulations may provide—
 - (a) for tax on the supply of goods or services to a taxable person, or paid or payable by him on the importation of goods, to be treated as his input tax only if and to the extent that the charge to tax is evidenced and quantified by reference to such documents as may be specified in the regulations or the Commissioners may direct either generally or in particular cases or classes of cases;
 - (b) for a taxable person to count as his input tax, in such circumstances, to such extent and subject to such conditions as may be prescribed, tax on the supply to him, or paid by him on the importation, of goods notwithstanding that he was not a taxable person at the time of the supply or payment;
 - (c) in the case of a person who has been, but is no longer, a taxable person, for him to be paid by the Commissioners the amount of any tax on a supply of services made to him for the purposes of the business carried on by him when he was a taxable person.
- (9) The Treasury may by order provide, in relation to such supplies and importations as the order may specify, that tax charged on them is to be excluded from any credit under this section ; and—
 - (a) any such provision may be framed by reference to the description of goods or services supplied or goods imported, the person by whom they are supplied or imported or to whom they are supplied, the purposes for which they are supplied or imported, or any circumstances whatsoever ; and

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- (b) such an order may contain provision for consequential relief from output tax.

4 Input tax allowable under section 3.

- (1) The amount of input tax for which a taxable person is entitled to credit at the end of any period shall be determined as follows—
 - (a) if his business is such that all his supplies are taxable supplies, there is allowable the whole of the input tax for the period (that is, input tax on supplies and importations in the period);
 - (b) if it is such that some but not all of his supplies are taxable supplies, there is allowable such proportion of the input tax for the period as, in accordance with regulations, is attributable to taxable supplies ; and
 - (c) if he has made no taxable supplies in that or any previous period of the business, there is allowable such proportion of the input tax for the period as the Commissioners consider in all the circumstances to be fair and reasonable.
- (2) Regulations may provide for treating all supplies of goods or services by any person as taxable supplies—
 - (a) where the tax attributable to exempt supplies would be less than such amount, or less than such part of the whole of the input tax, as may be prescribed ; or
 - (b) in other prescribed circumstances.
- (3) The Commissioners shall make regulations for securing a fair and reasonable attribution of input tax to taxable supplies, and any such regulations may provide for—
 - (a) determining a proportion of supplies in any prescribed accounting period which is to be taken as consisting of taxable supplies and provisionally attributing the input tax for that period in accordance with the proportion so determined;
 - (b) adjusting, in accordance with a proportion determined in like manner for any longer period comprising two or more prescribed accounting periods or parts thereof, the provisional attribution for any of those periods ; and
 - (c) dispensing with an adjustment where the amounts allowable for any such longer period in accordance with provisional and adjusted attributions do not differ by more than—
 - (i) an amount equal to such percentage (not exceeding 10 per cent.) of the input tax for that period as may be specified in the regulations ; or
 - (ii) such an amount (not exceeding £10) as may be so specified, whichever is the greater.
- (4) Regulations under subsection (3) may make different provision for different circumstances and, in particular (but without prejudice to the generality of that subsection) for different descriptions of goods or services ; and may contain such incidental and supplementary provisions as appear to the Commissioners necessary or expedient.

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5 Repayment of tax to those in business overseas.

- (1) The Commissioners may, by means of a scheme embodied in regulations, provide for the repayment, to persons to whom this section applies, of tax on supplies to them in the United Kingdom which would be input tax of theirs if they were taxable persons in the United Kingdom.
- (2) This section—
 - (a) applies to persons carrying on business in a member State other than the United Kingdom, and
 - (b) shall apply also to persons carrying on business in other countries, if, pursuant to any Community Directive, rules are adopted by the Council of the Communities about refunds of tax to persons established elsewhere than in the member States,
 but does not apply to persons carrying on business in the United Kingdom.
- (3) Repayment shall be made in such cases only, and subject to such conditions, as the scheme may prescribe (being conditions specified in the regulations or imposed by the Commissioners either generally or in particular cases); and the scheme may provide—
 - (a) for claims and repayments to be made only through agents in the United Kingdom ;
 - (b) either generally or for specified purposes—
 - (i) for the agents to be treated under this Act as if they were taxable persons ; and
 - (ii) for treating claims as if they were returns under this Act and repayments as if they were repayments of input tax ; and
 - (c) for generally regulating the methods by which the amount of any repayment is to be determined and the repayment is to be made.

6 Meaning of "supply": alteration by Treasury order.

- (1) Schedule 2 to this Act applies for determining what is, or is to be treated as, a supply of goods or a supply of services.
- (2) Subject to any provision made by that Schedule and to Treasury orders under subsections (3) to (6) below—
 - (a) " supply " in this Part of this Act includes all forms of supply, but not anything done otherwise than for a consideration;
 - (b) anything which is not a supply of goods but is done for a consideration (including, if so done, the granting, assignment or surrender of any right) is a supply of services.
- (3) The Treasury may by order provide with respect to any description of transaction—
 - (a) that it is to be treated as a supply of goods and not as a supply of services ; or
 - (b) that it is to be treated as a supply of services and not as a supply of goods ; or
 - (c) that it is to be treated as neither a supply of goods nor a supply of services ;

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and without prejudice to the foregoing, such an order may provide that paragraph 5(3) of Schedule 2 to this Act is not to apply, in relation to goods of any prescribed description used or made available for use in prescribed circumstances, so as to make that a supply of services under that subparagraph.

- (4) Without prejudice to subsection (3) above, the Treasury may by order make provision for securing, with respect to services of any description specified in the order, that where—
- (a) a person carrying on a business does anything which is not a supply of services only because not done for a consideration, and would (if so done) be a supply of services of a description specified in the order ; and
 - (b) such other conditions as may be specified in the order are satisfied ;
- such services are treated for the purposes of this Part of this Act as being supplied by him in the course or furtherance of that business.
- (5) The Treasury may by order make provision for securing, subject to any exceptions provided for by or under the order, that where in such circumstances as may be specified in the order goods of a description so specified are acquired or produced by a person in the course or furtherance of a business carried on by him and—
- (a) are neither supplied to another person nor incorporated in other goods produced in the course or furtherance of that business ; but
 - (b) are used by him for the purpose of a business carried on by him ;
- the goods are treated for the purposes of this Part of this Act as being both supplied to him for the purpose of that business and supplied by him in the course or furtherance of it.
- (6) The Treasury may by order make provision for securing, with respect to services of any description specified in the order, that where—
- (a) a person, in the course or furtherance of a business carried on by him, does anything for the purpose of that business which is not a supply of services but would, if done for a consideration, be a supply of services of a description specified in the order ; and
 - (b) such other conditions as may be specified in the order are satisfied ;
- such services are treated for the purposes of this Part of this Act as being both supplied to him for the purpose of that business and supplied by him in the course or furtherance of it.
- (7) For the purposes of this section, where goods are manufactured or produced from any other goods those other goods shall be treated as incorporated in the first-mentioned goods.
- (8) An order under subsection (4) or (6) above may provide for the method by which the value of any supply of services which is treated as taking place by virtue of the order is to be calculated.”

2 In section 7 of the 1972 Act (time of supply) the following shall be substituted for subsections (7) and (8)—

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- “(7) Where goods are treated as supplied by an order under section 6(5), the supply is treated as taking place when they are appropriated to the use mentioned in that subsection.
- (7A) Where there is a supply of goods by virtue only of paragraph 5(2) of Schedule 2 to this Act, the supply is treated as taking place when the goods are transferred or disposed of as mentioned in that sub-paragraph.
- (7B) Where there is a supply of services by virtue only of paragraph 5(3) of Schedule 2, the supply is treated as taking place when the goods are appropriated to the use mentioned in that sub-paragraph.
- (8) The Commissioners may by regulations make provision with respect to the time at which (notwithstanding subsections (1) to (6) and (7) to (7B) above) a supply is to be treated as taking place in cases where it is a supply—
- (a) of goods or services for a consideration the whole or part of which is determined or payable periodically, or from time to time, or at the end of any period ; or
 - (b) of goods for a consideration the whole or part of which is determined at the time when the goods are appropriated for any purpose;
- or where there is a supply of services by virtue of paragraph 5(3) of Schedule 2 or an order under section 6(4) ; and the regulations may, for any such case as is mentioned above in this subsection, provide for goods or services to be treated as separately and successively supplied, at prescribed times or intervals.”

3 In section 8 of the 1972 Act (place of supply) the words " or services" in subsection (1), and subsections (4) to (7), shall be omitted ; and after that section there shall be inserted—

“8A Place of supply (services).

- (1) A supply of services is treated as made—
- (a) in the United Kingdom if the supplier belongs in the United Kingdom ; and
 - (b) in another country (and not in the United Kingdom), if the supplier belongs in that other country;
- and the following subsections apply for determining, in relation to any supply of services, whether the supplier or, as the case may be, the recipient belongs in one country or another.
- (2) If the supply is made to an individual in his private capacity (meaning that it is received otherwise than for the purposes of any business carried on by him), he is treated as belonging in whatever country he has his usual place of residence.
- (3) Otherwise, a person is treated as belonging in a country if—
- (a) he has there a business establishment or some other fixed establishment and no such establishment elsewhere ; or
 - (b) he has no such establishment (there or elsewhere) but his usual place of residence is there; or

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- (c) he has such establishments both in that country and elsewhere, and he is the supplier of the services, and the establishment of his which is most directly concerned with the supply is there ; or
 - (d) he has such establishments both in that country and elsewhere, and he is the recipient of the services, and the establishment of his at which, or for the purposes of which, the services are most directly used or to be used is in that country.
- (4) For the purposes of subsections (2) and (3) above (but not for any other purposes)—
- (a) a person carrying on a business through a branch or agency in any country is treated as having a business establishment there ; and
 - (b) " usual place of residence ", in relation to a body corporate, means the place where it is legally constituted.
- (5) The Treasury may by order provide, in relation to services generally or to particular services specified in the order, for varying the rules for determining where a supply of services is made.

8B Reverse charge on supplies received from abroad.

- (1) The following applies where—
- (a) services of any of the descriptions specified in Schedule 2A to this Act are supplied by a person who belongs in a country other than the United Kingdom ; and
 - (b) they are received by a taxable person for the purposes of any business carried on by him, and he belongs in the United Kingdom.
- (2) All the same consequences follow under this Part of this Act (and particularly so much as charges tax on a supply and entitles a taxable person to credit for input tax) as if the taxable person had himself supplied the services in the United Kingdom in the course or furtherance of his business, and that supply were a taxable supply.
- (3) But subsection (2) does not operate where the services are within any of the descriptions specified in Schedule 5 to this Act (exemptions); and supplies which are treated as made by a taxable person under that subsection are not to be taken into account as supplies made by him, when determining the allowance of input tax in his case under section 4(1).
- (4) In applying subsection (2), the supply of services treated as made by the taxable person is assumed to have been made—
- (a) for whatever consideration the services were in fact supplied to him ; and
 - (b) at a time to be determined in accordance with regulations prescribing rules for attributing a time of supply in cases within that subsection.
- (5) The Treasury may by order add to, or vary, Schedule 2A.”

4 For section 11 of the 1972 Act (valuation of imported goods) the following shall be substituted—

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“11 Value of imported goods.

- (1) For the purposes of this Part of this Act, the value of imported goods shall be determined as follows.
- (2) If the goods are imported at a price in money payable as on a transfer of the property, there being no other consideration, the value is an amount equal to the price, plus (so far as not already included)—
 - (a) all taxes, duties and other charges levied either outside or, by reason of importation, within the United Kingdom (except value added tax); and
 - (b) all costs by way of commission, packing, transport and insurance up to the port or place of importation.
- (3) Where subsection (2) does not apply, the value of the goods is their open market value as determined in accordance with Community legislation relating to the valuation of goods for customs purposes, plus (so far as not already included in that value) all such taxes, duties, charges and costs as are specified in subsection (2)(a) and (b).
- (4) This section has effect subject to Schedule 3 to this Act.”

5 In section 12 of the 1972 Act (zero-rating), after subsection (7) there shall be inserted—

“(7A) Regulations may provide for the zero-rating of a supply of services which is made where goods are let on hire and the Commissioners are satisfied that the goods have been or are to be exported during the period of the letting, and such other conditions, if any, as may be specified in the regulations or the Commissioners may impose are fulfilled.”.

6 In section 13 of the 1972 Act (exemptions), there shall be added at the end of subsection (2)—

“and the Schedule may be varied so as to describe a supply of goods by reference to the use which has been made of them or to other matters unrelated to the characteristics of the goods themselves”.

7 In section 16(3) of the 1972 Act (power to remit or repay tax on importation of goods) the words from " to the tax chargeable " to the end shall become paragraph (a), and at the end there shall be added—

“(b) to any value added tax which may have become chargeable in another member State in respect of the goods.”

8 In section 17 of the 1972 Act (application of customs enactments for the purposes of VAT)—

(a) in subsection (2) (certain provisions of Customs and Excise Act 1952 not to apply), after paragraph (d), there shall be inserted—

“(dd) section 258(1) (valuation of goods imported)”; and

(b) subsection (3) shall be omitted.

9 In section 30 of the 1972 Act (accounting for, and payment of, tax), subsection (1) shall be omitted and after subsection (2) there shall be inserted—

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- “(2A) The regulations may, where they require a tax invoice to be provided in connection with any description of supply, require it to be provided within a prescribed time after the supply is treated as taking place, and may allow for that time to be extended in accordance with general or special directions given by the Commissioners”.
- 10 In section 33 of the 1972 Act (recovery of tax) the following shall be substituted for subsection (2)—
- “(2) Where an invoice shows a supply of goods or services as taking place with tax chargeable on it, there shall be recoverable from the person who issued the invoice an amount equal to that which is shown on the invoice as tax or, if the tax is not separately shown, to so much of the total amount shown as payable as is to be taken as representing tax on the supply.
- (2A) Subsection (2) above applies whether or not—
- (a) the invoice is a tax invoice issued in pursuance of section 30(2) of this Act; or
 - (b) the supply shown on the invoice actually takes or has taken place, or the amount shown as tax, or any amount of tax, is or was chargeable on the supply ; or
 - (c) the person issuing the invoice is a taxable person ;
- and any sum recoverable from a person under the subsection shall, if it is in any case tax, be recoverable as such and shall otherwise be recoverable as a debt due to the Crown.”.
- 11 In section 40(1) of the 1972 Act (appeal to VAT Tribunal), for paragraph (h) the following paragraph shall be substituted—
- “(h) any direction under paragraph 1, 2 or 3 of Schedule 3 to this Act”.
- 12 In section 43 of the 1972 Act (orders, rules and regulations), in subsection (4) before the words " shall be laid " there shall be inserted " and an order under section 6(4) of this Act ".
- 13 For section 45 of the 1972 Act (meaning of "business" etc.) the following section shall be substituted—

“45 Meaning of business, etc.

- (1) In this Part of this Act "business" includes trade, profession or vocation.
- (2) The following (without prejudice to the generality of anything else in this Part) are deemed to be the carrying on of a business—
 - (a) the provision by a club, association or organisation (for a subscription or other consideration) of the facilities or advantages available to its members; and
 - (b) the admission, for a consideration, of persons to any premises.
- (3) Where a body has objects which are in the public domain and are of a political, religious, philanthropic, philosophical or patriotic nature, it is not to be treated as carrying on a business only because its members subscribe to it, if a subscription obtains no facility or advantage for the subscriber other than the right to participate in its management or receive reports on its activities.

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- (4) Where a person, in the course or furtherance of a trade, profession or vocation, accepts any office, services supplied by him as the holder of that office are treated as supplied in the course or furtherance of the trade, profession or vocation.
- (5) Anything done in connection with the termination or intended termination of a business is treated as being done in the course or furtherance of that business.
- (6) The disposition of a business as a going concern, or of its assets or liabilities (whether or not in connection with its reorganisation or winding up), is a supply made in the course or furtherance of the business.”.

14 For Schedules 2 and 3 to the 1972 Act there shall be substituted the following Schedules—

“SCHEDULE 2

Section 6.

MATTERS TO BE TREATED AS SUPPLY OF GOODS OR SERVICES

- 1 (1) Any transfer of the whole property in goods is a supply of goods ; but the transfer—
 - (a) of any undivided share of the property, or
 - (b) of the possession of goods,
 is a supply of services, subject however to sub-paragraph (2) below.
- (2) If the possession of goods is transferred—
 - (a) under an agreement for the sale of the goods, or
 - (b) under agreements which expressly contemplate that the property also will pass at some time in the future (determined by, or ascertainable from, the agreements but in any case not later than when the goods are fully paid for),
 it is then in either case a supply of the goods.
- 2 Where a person produces goods by applying to another person's goods a treatment or process, he is treated as supplying goods.
- 3 The supply of any form of power, heat, refrigeration or ventilation is a supply of goods.
- 4 The granting, assignment or surrender of a major interest in land is treated as a supply of goods.
- 5 (1) The following applies to things done (whether or not for a consideration) by or under the directions of a person carrying on a business.
 - (2) If goods forming part of the assets of the business are transferred or disposed of so as no longer to form part of those assets, that is a supply by him of the goods ; but this does not apply to—
 - (a) a gift of goods made in the course or furtherance of the business (otherwise than as one forming part of a series or succession of gifts made to the same person from time to time) where the cost to the donor is not more than £10 ;

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- (b) the gift, to an actual or potential customer of the business, of an industrial sample in a form not ordinarily available for sale to the public.
- (3) If goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, that is a supply of services.
- (4) Anything which is a supply of goods or services by virtue of sub-paragraph (2) or (3) is to be treated as made in the course or furtherance of the business (if it would not otherwise be so treated); and in the case of a business carried on by an individual—
 - (a) sub-paragraph (2) applies to any transfer or disposition of goods in favour of himself personally ; and
 - (b) sub-paragraph (3) applies to goods used, or made available for use, by himself personally.
- 6 Where in the case of a business carried on by a taxable person, goods forming part of the assets of the business are, under any power exercisable by another person, sold by the other in or towards satisfaction of a debt owed by the taxable person, they shall be deemed to be supplied by the taxable person in the course or furtherance of his business.
- 7 Where a person ceases to be a taxable person, any goods then forming part of the assets of a business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—
 - (a) the business is transferred as a going concern to another taxable person ; or
 - (b) the business is carried on by another person who, under regulations made under section 23(3) of this Act, is treated as a taxable person; or
 - (c) the tax on the deemed supply would not be more than £50 ; or
 - (d) the taxable person can show, to the satisfaction of the Commissioners, that the goods were acquired for the business before 1st April 1973 and have not been the subject of relief under section 4 of the Finance Act 1973 (tax- or duty-paid stock held at commencement of VAT).

SCHEDULE 2A

Section 8B.

SERVICES SUPPLIED WHERE RECEIVED

- 1 Transfers and assignments of copyright, patents, licences, trademarks and similar rights.
- 2 Advertising services.
- 3 Services of consultants, engineers, consultancy bureaux, lawyers, accountants and other similar services; data processing and provision of information (but excluding from this head any services relating to land).

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- 4 Acceptance of any obligation to refrain from pursuing or exercising, in whole or part, any business activity or any such rights as are referred to in paragraph 1 above.
- 5 Banking, financial and insurance services (including re-insurance, but not including the provision of safe deposit facilities).
- 6 The supply of staff.
- 7 The services rendered by one person to another in procuring for the other any of the services mentioned in paragraphs 1 to 6 above.

SCHEDULE 3

Sections 10(6) and
11(4).

VALUATION—SPECIAL CASES

- 1 Where it appears to the Commissioners—
- (a) that a taxable person has supplied goods or services for a consideration in money the amount of which has been determined with a view to securing a reduction of liability to tax; and
 - (b) that it is likely that goods or services will be similarly supplied by him ; and
 - (c) that it is necessary for the protection of the revenue to exercise their powers under this paragraph;
- they may by notice in writing give directions to that person for securing that the value by reference to which tax is charged on any supply by him of goods or services after the giving of the notice or after such later date as may be specified therein is not less than the open market value of the supply.
- 2 Where it appears to the Commissioners—
- (a) that a person has been concerned with the importation of goods at a price in money the amount of which has been determined with a view to securing a reduction of liability to tax on importation; and
 - (b) that it is likely that there will be other importations with which he is or may be similarly concerned; and
 - (c) that it is necessary for the protection of the revenue to exercise their powers under this paragraph,
- they may by notice in writing give directions to that person for securing that, in the case of goods imported by him after the date of the notice or such later date as may be specified in it, their value for purposes of tax on importation is to be the open market value as under section 11(3), instead of the price as under section 11(2) of this Act.
- 3 Where it appears to the Commissioners—
- (a) that the whole or part of a business carried on by a taxable person consists in supplying to a number of individuals goods to be sold, whether by them or others, by retail; and

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- (b) that those individuals are not taxable persons ; and
 - (c) that it is necessary for the protection of the revenue to exercise their powers under this paragraph,

they may by notice in writing give directions to the taxable person for securing that the value by reference to which tax is charged on any such supply by him after the giving of the notice or after such later date as may be specified therein shall be determined as if the consideration given by any such individual for the supply were equal to the price at which the goods are sold by retail.
- 4 (1) Where goods or services are supplied for a consideration in money and on terms allowing a discount for prompt payment, the consideration shall be taken for the purposes of section 10 of this Act as reduced by the discount, whether or not payment is made in accordance with those terms.
- (2) This paragraph does not apply where the terms include any provision for payment by instalments.
- 5 (1) Where goods are imported at a price in money and on terms allowing a discount for prompt payment, the price shall be taken for the purposes of section 11(2) of this Act as reduced by the discount, whether or not payment is made in accordance with those terms.
- (2) This paragraph does not apply where the terms include any provision for payment by instalments.
- 6 Where a right to receive goods or services for an amount stated on any token, stamp or voucher is granted for a consideration, the consideration shall be disregarded for the purposes of this Part of this Act except to the extent (if any) that it exceeds that amount.
- 7 Where there is a supply of goods by virtue—
 - (a) of a Treasury order under section 6(5); or
 - (b) of paragraph 5(2) of Schedule 2 (but otherwise than for a consideration); or
 - (c) of paragraph 7 of that Schedule,

the value of the supply shall be taken to be the cost of the goods to the person making the supply.
- 8 Where there is a supply of services by virtue—
 - (a) of a Treasury order under section 6(4); or
 - (b) of paragraph 5(3) of Schedule 2 (but otherwise than for a consideration);

the value of the supply shall be taken to be the full cost to the taxable person of providing the services.
- 9 Where a supply of services consists in the provision of accommodation in a hotel, inn, boarding house or similar establishment for a period exceeding four weeks—
 - (a) the value of so much of the supply as is in excess of four weeks shall be taken to be reduced to such part thereof as is attributable to facilities other than the right to occupy the accommodation ; and

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- (b) that part shall be taken to be not less than 20 per cent.
- 10 (1) Where any sum relevant for determining value is expressed in a currency other than sterling, it is to be converted into sterling in accordance with Community rules applicable to valuation for customs purposes.
- (2) In relation to a supply of goods or services, the material time for valuation, by reference to which the appropriate exchange rate is determined under the rules, is the time of supply.
- 11 Regulations may require that in prescribed circumstances there is to be taken into account, as constituting part of the consideration for the purposes of section 10(2) (where it would not otherwise be so taken into account) money paid in respect of the supply by persons other than those to whom the supply is made.
- 12 A direction under paragraph 1, 2 or 3 above may be varied or withdrawn by the Commissioners by a further direction given by notice in writing.”