



Value Added Tax Act 1983

1983 CHAPTER 55

Reliefs

16 Zero-rating

- (1) Where a taxable person supplies goods or services and the supply is zero-rated, then, whether or not tax would be chargeable on the supply apart from this section,—
 - (a) no tax shall be charged on the supply; but
 - (b) it shall in all other respects be treated as a taxable supply;and accordingly the rate at which tax is treated as charged on the supply shall be nil.
- (2) A supply of goods or services is zero-rated by virtue of this subsection if the goods or services are of a description for the time being specified in Schedule 5 to this Act or the supply is of a description for the time being so specified.
- (3) Where goods of a description for the time being specified in Schedule 5 to this Act, or of a description forming part of a description of supply for the time being so specified, are imported into the United Kingdom, no tax shall be chargeable on their importation, except as otherwise provided in that Schedule.
- (4) The Treasury may by order vary Schedule 5 to this Act by adding to or deleting from it any description or by varying any description for the time being specified in it.
- (5) Where a description included in Schedule 5 to this Act (whether by virtue of an order under subsection (4) above or otherwise) is of a supply of goods or services outside the United Kingdom or of a transaction which would not otherwise be a supply of goods or services, the supply or transaction shall for the purposes of this Act be treated as a supply of goods or services in the United Kingdom.
- (6) A supply of goods is zero-rated by virtue of this subsection if the Commissioners are satisfied that the person supplying the goods—
 - (a) has exported them ; or
 - (b) has shipped them for use as stores on a voyage or flight to an eventual destination outside the United Kingdom, or as merchandise for sale by retail to persons carried on such a voyage or flight in a ship or aircraft.

Status: This is the original version (as it was originally enacted).

- (7) Regulations may provide for the zero-rating of supplies of goods, or of such goods as may be specified in the regulations, in cases where the Commissioners are satisfied that the goods have been or are to be exported and such other conditions, if any, as may be specified in the regulations or the Commissioners may impose are fulfilled.
- (8) 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.
- (9) Where the supply of any goods has been zero-rated in pursuance of regulations made under subsection (7) or (8) above and—
- (a) the goods are found in the United Kingdom after the date on which they were alleged to have been or were to be exported ; or
 - (b) any condition specified in the regulations or imposed by the Commissioners is not complied with,

and the presence of the goods in the United Kingdom after that date or the non-observance of the condition has not been authorised for the purposes of this subsection by the Commissioners, the goods shall be liable to forfeiture under the Customs and Excise Management Act 1979 and the tax that would have been chargeable on the supply but for the zero-rating shall become payable forthwith by the person to whom the goods were supplied or by any person in whose possession the goods are found in the United Kingdom; but the Commissioners may, if they think fit, waive payment of the whole or part of that tax.