



Finance Act 1988

1988 CHAPTER 39

PART II

VALUE ADDED TAX

Administration

14 Registration

- (1) Schedule 1 to the Value Added Tax Act 1983 (registration) shall be amended in accordance with subsections (2) to (7) below.
- (2) In paragraphs 1(5) and 2(3) (capital assets of business to be disregarded), after the word “goods” there shall be inserted the words “or services”.
- (3) In paragraph 4(3) (registration with effect from beginning of period where taxable supplies for the first thirty days exceed specified amount), for “£21,300” there shall be substituted “£22,100”.
- (4) For paragraph 5 there shall be substituted—

“Entitlement to be registered

- 5 Where a person who is not liable to be registered satisfies the Commissioners that he—
- (a) makes taxable supplies; or
 - (b) is carrying on a business and intends to make such supplies in the course or furtherance of that business,
- they shall, if he so requests, register him with effect from the day on which the request is made or from such earlier date as may be agreed between them and him.
- 5A (1) Where a person who is not liable to be registered satisfies the Commissioners that he—

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- (a) makes supplies within sub-paragraph (2) below; or
- (b) is carrying on a business and intends to make such supplies in the course or furtherance of that business,

and (in either case) is within sub-paragraph (3) below, they shall, if he so requests, register him with effect from the day on which the request is made or from such earlier date as may be agreed between them and him.

- (2) A supply is within this sub-paragraph if—
 - (a) it is made outside the United Kingdom but would be a taxable supply if made in the United Kingdom; or
 - (b) section 35 of this Act provides that it is to be disregarded for the purposes of this Act, and it would otherwise be a taxable supply.
- (3) A person is within this sub-paragraph if—
 - (a) he has a business establishment in the United Kingdom or his usual place of residence is in the United Kingdom; and
 - (b) he does not make and does not intend to make taxable supplies.
- (4) For the purposes of this paragraph—
 - (a) a person carrying on a business through a branch or agency in the United Kingdom shall be treated as having a business establishment in the United Kingdom; and
 - (b) “usual place of residence”, in relation to a body corporate, means the place where it is legally constituted.”

(5) For paragraph 7 and the heading preceding that paragraph there shall be substituted—

“Notification of end of liability or entitlement etc.

7 A person registered under paragraph 3, 4 or 5 above who ceases to make or have the intention of making taxable supplies shall notify the Commissioners of that fact within thirty days of the day on which he does so.

7A A person registered under paragraph 5A above who—

- (a) ceases to make or have the intention of making supplies within sub-paragraph (2) of that paragraph; or
- (b) makes or forms the intention of making taxable supplies,

shall notify the Commissioners of that fact within thirty days of the day on which he does so.”

(6) For paragraphs 9 and 10 there shall be substituted—

“Cancellation of registration

8A (1) Where a registered person satisfies the Commissioners that he is not liable to be registered, they shall, if he so requests, cancel his registration with effect from the day on which the request is made or from such later date as may be agreed between them and him.

(2) In this paragraph and paragraphs 9 and 10 below, any reference to a registered person includes a reference to a person registered before their coming into force.

- 9 (1) Where the Commissioners are satisfied that a registered person has ceased to be registrable, they may cancel his registration with effect from the day on which he so ceased or from such later date as may be agreed between them and him.
- (2) In this paragraph and paragraph 10 below, “registrable” means liable or entitled to be registered.
- 10 Where the Commissioners are satisfied that on the day on which a registered person was registered he was not registrable, they may cancel his registration with effect from that day.”
- (7) For paragraphs 11, 11A and 12 and the heading preceding paragraph 11 there shall be substituted—

“Exemption from registration

- 11 (1) Notwithstanding the preceding provisions of this Schedule, where a person who makes or intends to make taxable supplies satisfies the Commissioners that any such supply is zero-rated or would be zero-rated if he were a taxable person, they may, if he so requests and they think fit, exempt him from registration until it appears to them that the request should no longer be acted upon or is withdrawn.
- (2) Where there is a material change in the nature of the supplies made by a person exempted from registration under this paragraph, he shall notify the Commissioners of the change—
- (a) within thirty days of the date on which it occurred; or
- (b) if no particular day is identifiable as the day on which it occurred, within thirty days of the end of the quarter in which it occurred.
- (3) Where there is a material alteration in any quarter in the proportion of taxable supplies of such a person that are zero-rated, he shall notify the Commissioners of the alteration within thirty days of the end of the quarter.

Power to vary specified sums by order

- 12 The Treasury may by order substitute for any of the sums for the time being specified in this Schedule such greater sums as they think fit.”
- (8) In consequence of the foregoing provisions of this section—
- (a) in section 2(5) of the Value Added Tax Act 1983, for the words “paragraph 11A” there shall be substituted the words “paragraph 5A”; and
- (b) in section 18(1)(c) of the Finance Act 1985, for the words “paragraph 11(1)(a)” there shall be substituted the words “paragraph 11(1)”.

15 Assessment of tax due

- (1) Paragraph 4 of Schedule 7 to the Value Added Tax Act 1983 (assessment of tax due) shall be amended as follows.
- (2) For sub-paragraph (2) there shall be substituted—

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- “(2) In any case where, for any prescribed accounting period, there has been paid or credited to any person—
- (a) as being a repayment or refund of tax, or
 - (b) as being due to him under section 14(5) of this Act,
- an amount which ought not to have been so paid or credited, the Commissioners may assess that amount as being tax due from him for that period and notify it to him accordingly.
- (2A) An amount—
- (a) which has been paid to any person as being due to him under section 14(5) of this Act; and
 - (b) which, by reason of the cancellation of that person’s registration under paragraph 9 or 10 of Schedule 1 to this Act, ought not to have been so paid,
- may be assessed under sub-paragraph (2) above notwithstanding that cancellation.”
- (3) In sub-paragraph (5), for the words “(1) or (2)” there shall be substituted the words “(1), (2) or (2A)”.
- (4) In sub-paragraph (9), for the words “(1), (2) or (6)” there shall be substituted the words “(1), (2), (2A) or (6)”.