



Finance Act 2012

2012 CHAPTER 14

PART 7

VALUE ADDED TAX

196 Changes to the categorisation of supplies

- (1) Schedule 26 contains provision about the categorisation of supplies for the purposes of value added tax.
- (2) Schedule 27 contains provision for an anti-forestalling charge to value added tax related to changes in the descriptions of exempt or zero-rated supplies.

197 Exempt supplies

- (1) In Part 1 of Schedule 9 to VATA 1994 (index to exempt supplies of goods and services), at the appropriate place in the table insert—

“Supplies of services by groups involving | Group 16”.
cost sharing

- (2) In Part 2 of that Schedule (the groups), at the end insert—

“GROUP 16 — SUPPLIES OF SERVICES BY GROUPS INVOLVING COST SHARING

Item No

- 1 The supply of services by an independent group of persons where each of the following conditions is satisfied—
 - (a) each of those persons is a person who is carrying on an activity (“the relevant activity”) which is exempt from VAT or in relation

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to which the person is not a taxable person within the meaning of Article 9 of Council Directive [2006/112/EC](#),

- (b) the supply of services is made for the purpose of rendering the members of the group the services directly necessary for the exercise of the relevant activity,
 - (c) the group merely claims from its members exact reimbursement of their share of the joint expenses, and
 - (d) the exemption of the supply is not likely to cause distortion of competition.”
- (3) In section 31 of that Act (exempt supplies and acquisitions), after subsection (2) insert—
- “(3) The Treasury may by regulations make an exemption of a group 16 supply of a description specified in the regulations subject to conditions.
 - (4) Regulations under subsection (3) may—
 - (a) make different provision for different cases, and
 - (b) make consequential or transitional provision (including provision amending this Act).
 - (5) In subsection (3) “group 16 supply” means a supply falling within Group 16 of Schedule 9.”

198 Supply of goods or services by public bodies

- (1) VATA 1994 is amended as follows.
- (2) In section 41 (application to the Crown)—
 - (a) omit subsection (2), and
 - (b) in subsection (3)(b) for “a direction under subsection (2) above,” substitute “section 41A,”.
- (3) After that section insert—

“41A Supply of goods or services by public bodies

- (1) This section applies where goods or services are supplied by a body mentioned in Article 13(1) of the VAT Directive (status of public bodies as taxable persons) in the course of activities or transactions in which it is engaged as a public authority.
- (2) If the supply is in respect of an activity listed in Annex I to the VAT Directive (activities in respect of which public bodies are to be taxable persons), it is to be treated for the purposes of this Act as a supply in the course or furtherance of a business unless it is on such a small scale as to be negligible.
- (3) If the supply is not in respect of such an activity, it is to be treated for the purposes of this Act as a supply in the course or furtherance of a business if (and only if) not charging VAT on the supply would lead to a significant distortion of competition.
- (4) In this section “the VAT Directive” means Council Directive [2006/112/EC](#) on the common system of value added tax.”

199 Relief from VAT on low value goods: restriction relating to Channel Islands

- (1) In Schedule 2 to the Value Added Tax (Imported Goods) Relief Order 1984 ([S.I. 1984/746](#)) (reliefs for goods of certain descriptions), Group 8 (articles sent for miscellaneous purposes) is amended as follows.
- (2) The existing Note becomes Note (1) (and accordingly “*Note*” in Group 8 becomes “*Notes*”).
- (3) After that Note insert—
 - “(2) Item 8 does not apply in relation to any goods sent from the Channel Islands under a distance selling arrangement.
 - (3) For the purposes of Note (2)—
 - “distance selling arrangement”, in relation to any goods, means any transaction, or series of transactions, under which the person to whom the goods are sent receives them from a supplier without the simultaneous physical presence of the person and the supplier at any time during the transaction or series of transactions, and
 - “supplier” means any person who is acting in a commercial or professional capacity.”
- (4) The amendment of that Schedule by this section is without prejudice to any power to amend that Schedule by subordinate legislation.
- (5) The amendments made by this section have effect in relation to goods imported on or after 1 April 2012.

200 Group supplies using an overseas member

- (1) VATA 1994 is amended as follows.
- (2) In section 43 (groups of companies), in subsection (2C)(c), after “above” insert “and paragraph 8A of Schedule 6”.
- (3) In section 83 (appeals), in subsection (1)(v) for “or 2” substitute “, 2 or 8A”.
- (4) In section 97(4) (orders requiring Parliamentary approval within 28 days of being made), in paragraph (f), after “1A(7)” insert “or 8A(7)”.
- (5) Schedule 6 (valuation: special cases) is amended as follows.
- (6) In paragraph 1 (cases where Commissioners may direct value is open market value), in sub-paragraph (5), after “paragraph”, in the second place it occurs, insert “8A or”.
- (7) After paragraph 8 insert—
 - “8A (1) This paragraph applies where—
 - (a) a supply (“the intra-group supply”) made by a member of a group (“the supplier”) to another member of the group is, by virtue of section 43(2A), excluded from the supplies disregarded under section 43(1)(a), and
 - (b) the representative member of the group satisfies the Commissioners as to the value of each bought-in supply.

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- (2) “Bought-in supply”, in relation to the intra-group supply, means a supply of services to the supplier to which section 43(2A)(c) to (e) refers, so far as that supply is used by the supplier for making the intra-group supply.
 - (3) The value of the intra-group supply shall be taken to be the total of the relevant amounts in relation to the bought-in supplies.
 - (4) The relevant amount in relation to a bought-in supply is the value of the bought-in supply, unless a direction is made under sub-paragraph (5).
 - (5) If the value of a bought-in supply is less than its open market value, the Commissioners may direct that the relevant amount in relation to that supply is its open market value.
 - (6) A direction under this paragraph must be given by notice in writing to the representative member, but no direction may be given more than 3 years after the time of the intra-group supply.
 - (7) The Treasury may by order vary the provision made by this Schedule about the value of supplies of the kind mentioned in sub-paragraph (1)(a).
 - (8) An order under sub-paragraph (7) may include incidental, supplemental, consequential or transitional provision (including provision amending section 43 or 83).”
- (8) The amendments made by this section have effect in relation to supplies made on or after the day on which this Act is passed.

201 Face-value vouchers

- (1) In Schedule 10A to VATA 1994 (face-value vouchers), after paragraph 7 insert—

“Exclusion of single purpose vouchers

7A Paragraphs 2 to 4, 6 and 7 do not apply in relation to the issue, or any subsequent supply, of a face-value voucher that represents a right to receive goods or services of one type which are subject to a single rate of VAT.”

- (2) The amendment made by subsection (1) has effect in relation to supplies of face-value vouchers issued on or after 10 May 2012.
- (3) Subsection (4) applies where—
 - (a) a face-value voucher issued before 10 May 2012 is used on or after that date to obtain goods or services,
 - (b) paragraphs 2 to 4, 6 and 7 of Schedule 10A to VATA 1994 would not have applied in relation to the issue, or any subsequent supply, of the voucher because of paragraph 7A of that Schedule if the voucher had been issued on or after 10 May 2012, and
 - (c) VAT is not payable under the law of another member State on the supply of the voucher to the user.
- (4) The use of the voucher is to be treated for the purposes of VATA 1994 as a supply of the goods or services by the person from whom they are obtained to the user of the voucher.

202 Power to require notification of arrival of means of transport in UK

In Schedule 11 to VATA 1994 (administration, collection and enforcement), in paragraph 2 (accounting for VAT and payment of VAT), after sub-paragraph (5) insert—

“(5A) Regulations under this paragraph may make provision—

- (a) for requiring the relevant person to give to the Commissioners such notification of the arrival in the United Kingdom of goods consisting of a means of transport, at such time and in such form and manner, as may be specified in the regulations or by the Commissioners in accordance with the regulations, and
- (b) where notification of the arrival of a means of transport acquired from another member State, or imported from a place outside the member States, is required by virtue of paragraph (a), for requiring any VAT on the acquisition or importation to be paid at such time and in such manner as may be specified in the regulations.

(5B) The provision that may be made by regulations made by virtue of sub-paragraph (5A) includes—

- (a) provision for a notification required by virtue of that sub-paragraph to contain such particulars relating to the notified arrival of the means of transport and any VAT chargeable on its acquisition or importation as may be specified in the regulations or by the Commissioners in accordance with the regulations,
- (b) provision for such a notification to be given by a person who is not the relevant person and is so specified, or is of a description so specified,
- (c) provision for such a notification to contain a declaration, given in such form and by such person as may be so specified, as to the information contained in the notification, and
- (d) supplementary, incidental, consequential or transitional provision (including provision amending any provision made by or under this Act or any other enactment).

(5C) Subsection (3) of section 97 (orders subject to Commons approval) applies to a statutory instrument containing any regulations made by virtue of sub-paragraph (5A) which amend an enactment as it applies to an order within subsection (4) of that section.

(5D) For the purposes of sub-paragraph (5A)—

“means of transport” has the same meaning as it has in this Act in the expression “new means of transport” (see section 95);

“relevant person”, in relation to the arrival of a means of transport in the United Kingdom, means—

- (a) where the means of transport has been acquired in the United Kingdom from another member State, the person who so acquires it,
- (b) where it has been imported from a place outside the member States, the person liable to pay VAT on the importation, and
- (c) in any other case—

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- (i) the owner of the means of transport at the time of its arrival in the United Kingdom, or
- (ii) where it is subject to a lease or hire agreement, the lessee or hirer of the means of transport at that time.”

203 Non-established taxable persons

Schedule 28 contains provision about non-established taxable persons.

204 Administration of VAT

Schedule 29 contains provision about the administration of VAT.