

1989 No. 1132

VALUE ADDED TAX

**The Value Added Tax (General) (Amendment)
Regulations 1989**

<i>Made - - - - -</i>	<i>6th July 1989</i>
<i>Laid before the House of Commons</i>	<i>11th July 1989</i>
<i>Coming into force</i>	<i>1st August 1989</i>

The Commissioners of Customs and Excise, in exercise of the powers conferred on them by section 5(9) of, and paragraph 2(1) and (5) of Schedule 7 to, the Value Added Tax Act 1983(a) and of all other powers enabling them in that behalf, hereby make the following Regulations:

1. These Regulations may be cited as the Value Added Tax (General) (Amendment) Regulations 1989 and shall come into force on 1st August 1989.

2. In these Regulations—

“the principal Regulations” means the Value Added Tax (General) Regulations 1985(b).

3. For regulation 19 of the principal Regulations there shall be substituted the following—

“19.—(1) Subject to paragraph (2) below, where the grant of a tenancy or lease is a supply of goods by virtue of paragraph 4 of Schedule 2 to the Act, and the whole or part of the consideration for that grant is payable periodically or from time to time, goods shall be treated as separately and successively supplied at the earlier of the following times—

- (a) whenever a part of the consideration is received; or
- (b) whenever the supplier issues a tax invoice relating to the grant.

(2) Where in respect of the grant of a tenancy or lease such as is mentioned in paragraph (1) above the supplier, at or about the beginning of any period not exceeding one year, issues a tax invoice containing, in addition to the particulars specified in regulation 13, the following particulars—

- (a) the dates on which any parts of the consideration are to become due for payment in the period;
- (b) the amount payable (excluding tax) on each such date; and
- (c) the rate of tax in force at the time of the issue of the tax invoice and the amount of tax chargeable in accordance with that rate on each of such payments,

goods shall be treated as separately and successively supplied whenever a payment in respect of the tenancy or lease becomes due or is received, whichever is the earlier.

(a) 1983 c.55.

(b) S.I. 1985/886; relevant amending instrument is S.I. 1987/510.

(3) Where, on or before any of the dates that a payment is due as stated on an invoice issued as described in paragraph (2) above, there is a change in the tax chargeable on supplies of the description to which the invoice relates, that invoice shall cease to be treated as a tax invoice in respect of any such supplies for which payments are due after the change.”.

4. For regulation 20 of the principal Regulations there shall be substituted the following—

“Supplies of water, gas or any form of power, heat, refrigeration or ventilation

20.—(1) Subject to paragraphs (2) and (3) below a supply of—

(a) water other than—

(i) distilled water, deionised water and water of similar purity, and

(ii) water comprised in any of the excepted items set out in Group 1 of Schedule 5 to the Act; or

(b) coal gas, water gas, producer gases or similar gases; or

(c) any form of power, heat, refrigeration or ventilation,

shall be treated as taking place whenever a payment in respect of the supply is received, or a tax invoice relating to the supply is issued by the supplier, whichever is the earlier.

(2) Subject to paragraph (3) below, where the whole or part of the consideration for a supply such as is described in paragraph (1)(a) or (b) above or of power in the form of electricity is determined or payable periodically or from time to time, goods shall be treated as separately and successively supplied at the earlier of the following times—

(a) whenever a part of the consideration is received; or

(b) whenever the supplier issues a tax invoice relating to the supply.

(3) Where such separate and successive supplies as are described in paragraph (2) above are made under an agreement which provides for successive payments, and the supplier at or about the beginning of any period not exceeding one year, issues a tax invoice containing, in addition to the particulars specified in regulation 13, the following particulars—

(a) the dates on which payments under the agreement are to become due in the period

(b) the amount payable (excluding tax) on each such date; and

(c) the rate of tax in force at the time of issue of the tax invoice and the amount of tax chargeable in accordance with that rate on each of such payments,

goods shall be treated as separately and successively supplied whenever payment in respect of the supply becomes due or is received, whichever is the earlier.

(4) Where, on or before any of the dates that a payment is due as stated on an invoice issued as described in paragraph (3) above, there is a change in the tax chargeable on supplies of the description to which the invoice relates, that invoice shall cease to be treated as a tax invoice in respect of any such supplies for which payments are due after the change.”.

5. For regulation 23 of the principal Regulations there shall be substituted the following—

“ 23.—(1) Subject to paragraph (2) below, where services are supplied for a period for a consideration the whole or part of which is determined or payable periodically or from time to time, they shall be treated as separately and successively supplied at the earlier of the following times—

(a) whenever a payment in respect of the supplies is received; or

(b) whenever the supplier issues a tax invoice relating to the supplies.

(2) Where such separate and successive supplies of services as are described in paragraph (1) above are made under an agreement which provides for successive payments, and the supplier at or about the beginning of any period not exceeding one year, issues a tax invoice containing, in addition to the particulars specified in regulation 13, the following particulars—

- (a) the dates on which payments under the agreement are to become due in the period
- (b) the amount payable (excluding tax) on each such date; and
- (c) the rate of tax in force at the time of issue of the tax invoice and the amount of tax chargeable in accordance with that rate on each of such payments,

services shall be treated as separately and successively supplied whenever a payment in respect of them becomes due or is received, whichever is the earlier.

(3) Where, on or before any of the dates that a payment is due as stated on an invoice issued as described in paragraph (2) above, there is a change in the tax chargeable on supplies of the description to which the invoice relates, that invoice shall cease to be treated as a tax invoice in respect of any such supplies for which payments are due after the change.”.

6. Regulation 31(2)(a) of the principal Regulations shall be amended by deleting the words “or licensed deposit taker”:

New King's Beam House
22 Upper Ground
London SE1 9PJ
6th July 1989

Peter Jefferson Smith
Commissioner of Customs and Excise

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 1st August 1989, further amend various provisions of the Value Added Tax (General) Regulations 1985 (“the principal Regulations”).

Regulations 3, 4 and 5 delete regulations 19, 20 and 23 respectively of the principal Regulations and substitute new regulations. The main amendments are:

the new regulation 19 extends to grants of those tenancies and leases whose supply is treated as a supply of goods, and new regulation 20 extends to supplies of water, gas and electricity the facility at present available under regulation 23(2) for continuous supplies of services, whereby a single invoice may be issued for payments due up to a year in advance. These extensions arise from the forthcoming changes in liability of these supplies and are designed to accommodate existing billing practices;

the new regulation 23 introduces no substantive change but has been redrafted in a form consistent with the new regulations 19 and 20. These have, in turn, been drafted to reflect more closely the primary legislation under which they are enacted (section 5(9)(a) of the Value Added Tax Act 1983). The changes introduce, by way of clarification, the concept of successive and *separate* supplies.

Regulation 6 amends regulation 31(2) of the principal Regulations. This amendment is in consequence of the repeal of the Banking Act 1979 (c.37) and its replacement by the Banking Act 1987 (c.22).