
STATUTORY INSTRUMENTS

1996 No. 1196

VALUE ADDED TAX

The Value Added Tax (Payments on Account) (Amendment) Order 1996

Approved by the House of Commons

<i>Made</i>	- - - -	<i>30th April 1996</i>
<i>Laid before the House of Commons</i>	- - - -	<i>1st May 1996</i>
<i>Coming into force</i>	- -	<i>1st June 1996</i>

Whereas the Treasury consider it desirable to make an order under section 28 of the Value Added Tax Act 1994⁽¹⁾ in the interests of the national economy:

Now, therefore the Treasury, in exercise of the powers conferred on them by section 28(1), (2), (4) and (5) of the Value Added Tax Act 1994 and of all other powers enabling them in that behalf, hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Payments on Account) (Amendment) Order 1996 and shall come into force on 1st June 1996.
2. The Value Added Tax (Payments on Account) Order 1993⁽²⁾ shall be amended as follows.
3. In article 2:
 - (a) in the definition of “the Act”, for “1983” there shall be substituted “1994”;
 - (b) the definition of “credit transfer” shall be omitted.
4. In article 8, for “Subject to articles 9 and 10 below,” there shall be substituted “Subject to article 9 below,”.
5. In article 9 the words “Subject to article 10 below,” shall be omitted.
6. Article 10 shall be omitted.
7. In article 11, after the words “Subject to paragraph (2) below and articles” there shall be inserted “12A”, and for “one twelfth” there shall be substituted “one twenty-fourth”.
8. In article 12, after the words “Subject to articles” there shall be inserted “12A”, and for “one twelfth” there shall be substituted “one twenty-fourth”.
9. In articles 13, 14 and 15, for “one twelfth” there shall be substituted “one twenty-fourth”.

(1) 1994 c. 23.

(2) S.I.1993/2001; relevant amendments were made to articles 4, 5, 6, 11 and 16 by S.I. 1995/291.

10. After article 12, there shall be inserted the following:

“12A.—(1) Subject to paragraph (5) below a taxable person who is under a duty to make payments on account may instead of paying the amount calculated in accordance with paragraphs 11 or 12 above elect to pay an amount equal to his liability to VAT (excluding the tax on goods imported from countries other than member States) for the preceding month.

(2) A person making an election under paragraph (1) above shall notify the Commissioners in writing of—

(a) the election, and

(b) the date (being a date not less than 30 days after the date of the notification) on which it is to take effect.

(3) Subject to paragraph (4) below, an election under paragraph (1) above shall continue to have effect until a date notified by the taxable person in writing to the Commissioners, which date shall not be earlier than the first anniversary of the date on which the election took effect.

(4) Where the Commissioners are satisfied that an amount paid by a person who has elected in accordance with paragraph (1) above is less than the amount required to be paid by virtue of that paragraph the Commissioners may notify the taxable person in writing that his election shall cease to have effect from a date specified in the notification.

(5) A person may not make an election under paragraph (1) above within 12 months of the date on which any previous election made by him ceased to have effect by virtue of paragraph (4) above.”

11. In article 17, for “section 29” there shall be substituted “section 43”.

30th April 1996

Michael Bates
Simon Burns
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends, with effect from 1st June 1996 the Value Added Tax (Payments on Account) Order 1993 (“the principal Order”) as amended by the Value Added Tax (Payments on Account) (Amendment) Order 1995.

Articles 3(a) and 11 substitute references to the Value Added Tax Act 1994 for references to the Value Added Tax Act 1983.

Article 6 revokes article 10 of the principal Order. The seven day extension to the time for making payments on account hitherto afforded to persons paying by credit transfer is withdrawn.

Articles 3(b), 4 and 5 are consequential amendments to article 6. Further references to article 10 in the principal Order are removed as is the definition of “credit transfer” which is no longer required.

Articles 7 and 8 of the Order respectively amend articles 11 and 12 of the principal Order. In each case the amount of the payment on account is reduced by 50 per cent. to one twenty-fourth (as opposed to one twelfth) of the liability in the reference period and the requirement to make payments on account is made subject to the option given by article 10 of the Order.

Article 9 makes consequential amendments to articles 13, 14 and 15 of the principal Order arising from changes to articles 11 and 12 of the principal Order.

Article 10 of the Order inserts into the principal Order a new article 12A. Persons in the scheme are given an option to pay the actual VAT liability for the preceding month rather than the predetermined amount e.g. a payment on account under the option, due on 28th February, would represent the actual liability for January rather than one twenty-fourth of the liability in the reference year. The option must be notified in writing to the Commissioners. The Commissioners may revoke the option if the correct amount is not paid.