

**EXPLANATORY MEMORANDUM TO**  
**THE VALUE ADDED TAX (AMENDMENT) REGULATIONS 2011**

**2011 No. 254**

1. This explanatory memorandum has been prepared by HM Revenue and Customs (“HMRC”) and is laid before the House of Commons by Command of Her Majesty. It contains information for the Select Committee on Statutory Instruments.

2. **Purpose of the instrument**

The Capital Goods Scheme (“CGS”) provisions in Part XV of the Value Added Tax Regulations 1995 (S.I. 1995/2518) (“the Principal Regulations”) cross refer to the self supply provisions in paragraph 37 of Schedule 10 to the Value Added Tax Act 1994 (“paragraph 37”). Regulations 3 to 5 make consequential amendments to the CGS provisions following the amendment of paragraph 37 by the Value Added Tax (Buildings and Land) Order 2011 (S.I. 2011/86) to ensure that they continue to have their intended effect. They substitute revised references to paragraph 37 as amended and also adjust for the fact that, in the revised paragraph 37, the self supply calculation is calculated by reference to months, rather than years, of use whereas the CGS adjusts by reference to years.

3. **Matters of special interest to the Select Committee on Statutory Instruments**

None.

4. **Legislative Context**

This instrument amends the Principal Regulations.

5. **Territorial Extent and Application**

This instrument applies to the whole of the United Kingdom.

6. **European Convention on Human Rights**

As this instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. **Policy background**

7.1 The CGS provides for adjustments to be made where, after a person has made a self-supply of a relevant residential or charitable building because it ceases to be used for a relevant residential or charitable purpose, the use of the building changes again. These Regulations ensure that such adjustments will continue to be made as intended after the legislation that creates the self-supply is amended.

## *Consolidation*

7.2 There are no projects presently on hand to consolidate the Principal Regulations.

### **8. Consultation outcome**

These changes maintain the status quo and have not been subject to consultation.

### **9. Guidance**

As the changes are minor and technical in nature, no specific guidance is being issued.

### **10. Impact**

An Impact Assessment has not been produced as these changes have no impact on business, charities or voluntary bodies.

### **11. Regulating small business**

The changes maintain the status quo and will have no specific impact on small businesses.

### **12. Monitoring & review**

As the changes are minor and technical in nature, no formal monitoring is planned.

### **13. Contact**

Phil Mattacks at HMRC Tel: 0207 147 0538 or email:  
phil.mattacks@hmrc.gsi.gov.uk can answer any queries regarding this instrument.