
STATUTORY INSTRUMENTS

2020 No. 578

VALUE ADDED TAX

The Value Added Tax (Section 55A) (Specified Services and Excepted Supplies) (Change of Commencement Day and Amendment) (Coronavirus) Order 2020

<i>Made</i>	- - - -	<i>8th June 2020</i>
<i>Laid before the House of Commons</i>	- - - -	<i>9th June 2020</i>
<i>Coming into force</i>	- -	<i>20th July 2020</i>

The Treasury make this Order in exercise of the powers conferred by section 55A(9), (9A), (10), (11) and (14) of the Value Added Tax Act 1994⁽¹⁾.

Citation and commencement

1. This Order may be cited as the Value Added Tax (Section 55A) (Specified Services and Excepted Supplies) (Change of Commencement Day and Amendment) (Coronavirus) Order 2020 and comes into force on 20th July 2020.

Amendment of the Value Added Tax (Section 55A) (Specified Services and Excepted Supplies) Order 2019

2. The Value Added Tax (Section 55A) (Specified Services and Excepted Supplies) Order 2019⁽²⁾ is amended as follows.

3. In article 1(2) for “1st October 2020” substitute “1st March 2021”.

4. After article 8(1) insert—

“(1A) Where a supply falls within paragraph (1)(b), it shall not be treated as an excepted supply unless the recipient has—

(1) 1994 c. 23. Section 55A was inserted by section 19(1) of the Finance Act 2006 (c. 25) and was amended by section 50(1) of the Finance Act 2010 (c. 13), paragraph 6 of Schedule 28 to the Finance Act 2012 (c. 14) and section 51 of the Finance Act 2019 (c. 1).

(2) S.I. 2019/892 which was amended by S.I. 2019/1240 to change its commencement date from 1st October 2019 to 1st October 2020 so has not yet come into force.

- (a) no later than the time that the supply is made, confirmed in writing to the supplier that the requirements specified in paragraph (1)(b) are satisfied in respect of that supply; or
 - (b) received that supply in pursuance of a written agreement in which the recipient has confirmed that those requirements are satisfied in respect of any supply made under that agreement.”.
5. In article 8(2)—
- (a) for “is described in paragraph (1)” substitute “would otherwise be an excepted supply under paragraph (1) (as qualified by paragraph (1A))”;
 - (b) in sub-paragraph (b), after “paragraph (1)” insert “(as qualified by paragraph (1A))”.

8th June 2020

James Morris
Rebecca Harris
Two of the Lords Commissioners for Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order further amends the Value Added Tax (Section 55A) (Specified Services and Excepted Supplies) Order 2019 (S.I. 2019/892: “the original Order”). The original Order was previously amended by the Value Added Tax (Section 55A) (Specified Services and Excepted Supplies) (Change of Commencement Day) Order 2019 (S.I. 2019/1240: “the first amendment Order”) and has not yet come into force.

The main purpose of this Order is to move the commencement day of the provisions contained in the original Order from 1st October 2020 (the date substituted by the first amendment Order) to 1st March 2021 to take account of the current coronavirus health crisis. In addition, it amends those provisions to restrict the application of the exceptions in certain circumstances.

As a general rule, it is the supplier of goods or services who is required to account for VAT on those supplies. However, section 55A of the Value Added Tax Act 1994 (c. 23) (accounting for tax on supplies used in missing trader fraud) requires the recipient, not the supplier, to account for and pay tax on the supply of any goods and services which are of a description specified in an order made by the Treasury for that purpose. This accounting requirement is commonly referred to as the “reverse charge”.

The original Order made provision for the reverse charge to apply to construction industry services with effect from 1st October 2019 and this Order further delays the commencement of those provisions until 1st March 2021 in order to avoid the introduction of the changes at a time when businesses are likely to be affected by the coronavirus health crisis.

Article 3 changes the date of commencement of the original Order from 1st October 2020 (the date substituted by the first amendment Order) to 1st March 2021.

Article 4 inserts a new paragraph (1A) into article 8 of the original Order. Article 8 describes the cases where the reverse charge does not apply in relation to certain supplies of construction services (referred to in the legislation as “excepted supplies”). This Order introduces an amendment that will restrict the application of the exceptions in article 8(1)(b) of the original Order to cases where the recipient of the relevant supply has provided to the supplier a form of written confirmation that the requirements of that provision are satisfied. This new rule reflects existing official guidance.

Article 5 makes consequential amendments to article 8(2) of the original Order.

A Tax Information and Impact Note has not been prepared for this Instrument because, other than changing the commencement date, it contains no substantive changes to tax policy. The Tax Information and Impact Note for the original Order has been published and is available on the government website at <https://www.gov.uk/government/publications/vat-reverse-charge-for-building-and-construction-services/vat-reverse-charge-for-building-and-construction-services>.