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STATUTORY INSTRUMENTS

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**2024 No. 128**

**VALUE ADDED TAX**

**The Value Added Tax (Distance Selling)  
(Amendments) Regulations 2024**

<i>Made</i>	- - - -	<i>6th February 2024</i>
<i>Laid before the House of Commons</i>	- - - -	<i>7th February 2024</i>
<i>Coming into force</i>	- -	<i>1st March 2024</i>

The Treasury make these Regulations in exercise of the powers conferred by section 40A(7) of the Value Added Tax Act 1994<sup>(1)</sup>.

**Citation and commencement**

1.—(1) These Regulations may be cited as the Value Added Tax (Distance Selling) (Amendments) Regulations 2024 and come into force on 1st March 2024.

(2) Regulations 4 to 6 have effect in relation to reporting periods commencing on or after 1st March 2024.

(3) In paragraph (2), “reporting period” has the meaning given by—

- (a) paragraph 11 of Schedule 9ZD to VATA 1994<sup>(2)</sup>, for the purposes of the OSS scheme<sup>(3)</sup>;
- (b) paragraph 11 of Schedule 9ZE to VATA 1994, for the purposes of the IOSS scheme<sup>(4)</sup>.

**Interpretation**

2. In these Regulations, “VATA 1994” means the Value Added Tax Act 1994.

**Supplies to Northern Ireland from Great Britain etc**

3.—(1) Schedule 9ZE to VATA 1994 (distance selling of goods imported to Northern Ireland: special accounting scheme) is amended in accordance with paragraphs (2) to (6).

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(1) 1994 c. 23. Section 40A was inserted by section 3 of the Taxation (Post-transition Period) Act 2020 (c. 26). Subsection (7) of section 40A was inserted by Schedule 18 to the Finance Act 2021 (c. 26).  
(2) Schedules 9ZD to 9ZF to the Value Added Tax Act 1994 were inserted by Schedule 18 to the Finance Act 2021; relevant amending instruments are S.I. 2021/1164 and S.I. 2022/226.  
(3) “OSS scheme” is defined in paragraph 1 of Schedule 9ZD to the Value Added Tax Act 1994.  
(4) “IOSS scheme” is defined in paragraph 1 of Schedule 9ZE to the Value Added Tax Act 1994.

- (2) In paragraph 1 (overview), in sub-paragraph (a), for the words from “to Northern” to the end substitute —
- “(i) to Northern Ireland from countries or territories other than Great Britain, the Isle of Man or member States, or
- (ii) into the European Union from countries or territories other than Northern Ireland or member States;”.
- (3) In paragraph 2 (qualifying supplies of goods)—
- (a) in sub-paragraph (1), in the words before paragraph (a), after “is” insert “, subject to sub-paragraph (3),”;
- (b) after sub-paragraph (2) insert—
- “(3) A supply of goods is not a “qualifying supply of goods” if—
- (a) the goods are in Great Britain or the Isle of Man at the time they are sold,
- (b) the supply involves the goods being removed from Great Britain or the Isle of Man to Northern Ireland, and
- (c) the recipient of the goods belongs in Northern Ireland.”.
- (4) In paragraph 34 (registration under this Act), in sub-paragraph (1) omit “(apart from paragraph 1(1A) of Schedule 1 as it has effect in accordance with paragraph 7 of Schedule 9ZF)”.
- (5) Omit paragraph 36A (no VAT chargeable on supplies by special scheme participants not registered for VAT).
- (6) In paragraph 37 (no import VAT chargeable on qualifying supplies of goods)—
- (a) in sub-paragraph (1)—
- (i) in the words before paragraph (a) omit “, or their removal to Northern Ireland from Great Britain or the Isle of Man,”;
- (ii) in paragraph (a) omit “or removal”;
- (b) in sub-paragraph (2) omit “or removal”.
- (7) In Schedule 9ZF to VATA 1994 (modifications etc in connection with Schedules 9ZD and 9ZE), omit paragraph 7.

### **Penalties and interest**

- 4.—(1) Schedule 9ZD to VATA 1994 (distance selling of goods from Northern Ireland: special accounting scheme) is amended as follows.
- (2) In paragraph 23 (assessments in connection with increase in consideration: modifications)—
- (a) in sub-paragraph (1)—
- (i) for “to (4)” substitute “and (3)”;
- (ii) for “sections 73 and 76” substitute “section 73”;
- (b) omit sub-paragraph (4).
- (3) In paragraph 24 (assessments: consequential modifications)—
- (a) in the words before sub-paragraph (a), for “the following provisions” substitute “section 77 (assessments: time limits, etc)”;
- (b) omit sub-paragraphs (a) to (c).
- (4) Omit paragraphs 26 to 30 (default surcharges and interest etc).
- (5) In paragraph 32 (overpayments: supplementary)—
- (a) in sub-paragraph (1) omit “, (4C)”;

- (b) in sub-paragraph (2) omit “, (4C)”.
- (6) In paragraph 37 (appeals) omit sub-paragraph (1)(e).

**5.—(1)** Schedule 9ZE to VATA 1994 (distance selling of goods imported to Northern Ireland: special accounting scheme) is amended as follows.

- (2) In paragraph 17 (assessments in connection with increase in consideration: modifications)—
  - (a) in sub-paragraph (1)—
    - (i) for “to (4)” substitute “and (3)”;
    - (ii) for “sections 73 and 76” substitute “section 73”;
  - (b) omit sub-paragraph (4).
- (3) In paragraph 18 (assessments: consequential modifications)—
  - (a) in the words before sub-paragraph (a), for “the following provisions” substitute “section 77 (assessments: time limits etc)”;
  - (b) omit sub-paragraphs (a) to (c).
- (4) Omit paragraphs 20 to 24 (default surcharges and interest etc).
- (5) In paragraph 26 (overpayments: supplementary)—
  - (a) in sub-paragraph (1) omit “, (4C)”;
  - (b) in sub-paragraph (2) omit “, (4C)”.
- (6) In paragraph 42 (appeals), omit sub-paragraph (1)(e).

**6.—(1)** Schedule 9ZF to VATA 1994 (modifications etc in connection with Schedules 9ZD and 9ZE) is amended as follows.

- (2) Omit paragraphs 3, 4 and 6.
- (3) In paragraph 11, in the inserted text—
  - (a) in subsection (10), after paragraph (b) insert—
    - “(c) amounts payable under Schedule 26 to FA 2021<sup>(5)</sup> by way of penalties in relation to a failure to pay an amount of UK VAT<sup>(6)</sup>—
      - (i) payable under paragraph 10(2) of Schedule 9ZD, or paragraph 10(2) of Schedule 9ZE, to VATA 1994;
      - (ii) payable under a non-UK scheme<sup>(7)</sup> in respect of scheme supplies treated as made in the United Kingdom<sup>(8)</sup>, or a special scheme<sup>(9)</sup> in respect of qualifying supplies of goods treated as made in the United Kingdom<sup>(10)</sup>;
      - (iii) shown in an assessment made by HMRC in default of an OSS scheme return<sup>(11)</sup> or a relevant non-UK return<sup>(12)</sup>;

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<sup>(5)</sup> The reference to FA 2021 is to the Finance Act 2021.

<sup>(6)</sup> “UK VAT” is defined in paragraph 38(1) of Schedule 9ZD and paragraph 43(1) of Schedule 9ZE to the Value Added Tax Act 1994.

<sup>(7)</sup> “non-UK scheme” is defined in paragraph 16(1) of Schedule 9ZD to the Value Added Tax Act 1994.

<sup>(8)</sup> “scheme supply” is defined in paragraph 2 and scheme supplies being “treated as made in the United Kingdom” is defined in paragraph 38(3) of Schedule 9ZD to the Value Added Tax Act 1994.

<sup>(9)</sup> “special scheme” is defined in paragraph 43(1) of Schedule 9ZE to the Value Added Tax Act 1994.

<sup>(10)</sup> “qualifying supply of goods” is defined in paragraph 2 and qualifying supplies of goods being “treated as made in the United Kingdom” is defined in paragraph 43(2)(a) of Schedule 9ZE to the Value Added Tax Act 1994.

<sup>(11)</sup> “OSS scheme return” is defined in paragraph 11(1) of Schedule 9ZD to the Value Added Tax Act 1994.

<sup>(12)</sup> “relevant non-UK return” is defined in paragraph 22(3) of Schedule 9ZD to the Value Added Tax Act 1994.

(iv) shown in an assessment made by HMRC in default of a relevant special scheme return<sup>(13)</sup>.”;

(b) for subsection (11) substitute—

“(11) In subsection (10)—

- (a) expressions that are also used in Schedule 9ZD to VATA 1994 (the OSS scheme) have the same meaning that they have in that Schedule, and
- (b) expressions that are also used in Schedule 9ZE to VATA 1994 (the IOSS scheme) have the same meaning that they have in that Schedule”.

(4) After paragraph 11 insert—

**11A.** Section 102<sup>(14)</sup> (repayment interest on sums to be paid by HMRC) has effect as if after subsection (1) there were inserted—

“(1A) This section also applies to an amount paid by a person to a person other than HMRC that is repaid by HMRC under—

- (a) paragraph 31(4) of Schedule 9ZD, or paragraph 25(4) of Schedule 9ZE, to VATA 1994;
- (b) section 36(2) of VATA 1994 by virtue of paragraph 34 of Schedule 9ZD, or paragraph 28 of Schedule 9ZE, to VATA 1994.”

**11B.** Part 2 of Schedule 54<sup>(15)</sup> (repayment interest: special provision as to repayment interest start date) has effect as if after paragraph 12C there were inserted—

*“Payments in connection with the OSS and IOSS schemes*

(1) This paragraph applies in the case of any payment (or repayment) under—

- (a) paragraph 31(4) of Schedule 9ZD, or paragraph 25(4) of Schedule 9ZE, to VATA 1994;
- (b) section 36(2) of VATA 1994 by virtue of paragraph 34 of Schedule 9ZD, or paragraph 28 of Schedule 9ZE, to VATA 1994.

(2) The repayment interest start date is the later of—

- (a) the date (if any) on which the claim giving rise to the payment (or repayment) was required to be made, and
- (b) the date on which the claim was in fact made.”

**11C.** Part 2A of Schedule 54<sup>(16)</sup> (repayment interest: VAT: special provision as to period for which amount carries interest) has effect as if—

- (a) at the beginning of paragraph 12D there were inserted “Subject to paragraph 12DA,”;
- (b) after paragraph 12D there were inserted—

**12DA.** In this Part of this Schedule—

“prescribed accounting period” also includes a tax period within the meanings of Schedules 9ZD and 9ZE to VATA 1994;

“VAT credit” also includes a repayment to persons who are not taxable persons (within the meaning of VATA 1994) of an amount of VAT paid under and in accordance with Schedule 9ZD or 9ZE to that Act;

“VAT return” also includes—

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(13) “relevant special scheme return” is defined in paragraph 16(3) of Schedule 9ZE to the Value Added Tax Act 1994.

(14) The reference to section 102 is to section 102 of the Finance Act 2009 (c. 10).

(15) The reference to Schedule 54 is to Schedule 54 to the Finance Act 2009. Paragraph 12C was inserted by Schedule 29 to the Finance Act 2021.

(16) The reference to Schedule 54 is to Schedule 54 to the Finance Act 2009. Part 2A and paragraph 12D were inserted by Schedule 29 to the Finance Act 2021.

- (a) an OSS scheme return or a relevant non-UK return within the meaning of Schedule 9ZD to VATA 1994;
- (b) a relevant special scheme return within the meaning of Schedule 9ZE to VATA 1994.”

**11D.** Part 2 of Schedule 54A(17) (further provision as to late payment interest and repayment interest: Value Added Tax) has effect as if—

- (a) at the beginning of paragraph 5 there were inserted “Subject to paragraph 5A”;
- (b) after paragraph 5 there were inserted—

“**5A.** In this Part of this Schedule—

“prescribed accounting period” also includes a tax period within the meanings of Schedules 9ZD and 9ZE to VATA 1994;

“VAT credit” also includes a repayment to persons who are not taxable persons (within the meaning of VATA 1994) of an amount of VAT paid under and in accordance with Schedule 9ZD or 9ZE to that Act.”.”.

(5) Omit paragraph 12.

(6) After paragraph 13 insert—

“*Finance Act 2021*(18)

(1) Schedule 26 to FA 2021 (penalties for failure to pay tax) has effect subject to the following modifications.

(2) Paragraph 1(1)(19) has effect as if in the table headed “Value added tax”, after item 1 there were inserted—

“1A	Amount of UK VAT payable under paragraph 10(2) of Schedule 9ZD to VATA 1994	The date determined in accordance with paragraph 13(1) of Schedule 9ZD to VATA 1994 as the date by which the amount must be paid
1B	Amount of UK VAT payable under paragraph 10(2) of Schedule 9ZE to VATA 1994	The date determined in accordance with paragraph 13(1) of Schedule 9ZE to VATA 1994 as the date by which the amount must be paid
1C	Amount of UK VAT payable to the tax authorities for the administering member State (20) under a non-UK scheme in respect of scheme supplies treated as made in the United Kingdom	The date by which a non-UK return (21) relating to the amount must be submitted
1D	Amount of UK VAT payable to the tax authorities for the administering member State (22) under a special scheme in respect of qualifying supplies of goods treated as made in the United Kingdom	The date by which a special scheme return (23) relating to the amount must be submitted”.

(3) Paragraph 1(2) has effect as if—

- (a) the words from “annual” to the end became paragraph (a), and

(17) The reference to Schedule 54A is to Schedule 54A to the Finance Act 2009. Part 2 and paragraph 5 were inserted by Schedule 29 to the Finance Act 2021.

(18) 2021 c. 26.

(19) Paragraph 1 of Schedule 26 was amended by section 335 of the Finance (No. 2) Act 2023 (c. 30).

(20) “administering member State” is defined in paragraph 16(2) of Schedule 9ZD to the Value Added Tax Act 1994.

(21) “non-UK return” is defined in paragraph 38(1) of Schedule 9ZD to the Value Added Tax Act 1994.

(22) “administering member State” is defined in paragraph 43(1) of Schedule 9ZE to the Value Added Tax Act 1994.

(23) “special scheme return” is defined in paragraph 43(1) of Schedule 9ZE to the Value Added Tax Act 1994.

- (b) after that paragraph there were inserted—
  - “(b) terms used in entries 1A and 1C that are also used in Schedule 9ZD to VATA 1994 have the meanings given in that Schedule, and
  - (c) terms used in entries 1B and 1D that are also used in Schedule 9ZE to VATA 1994 have the meanings given in that Schedule”.
- (4) Paragraph 3 has effect as if—
  - (a) after sub-paragraph (2) there were inserted—
    - “(2A) An assessment or determination is also made by HMRC in default of a return if it is made where—
      - (a) a person is required to submit an OSS scheme return or a relevant non-UK return (within the meanings of Schedule 9ZD to VATA 1994) or a relevant special scheme return (within the meaning of Schedule 9ZE to VATA 1994),
      - (b) that person fails to submit the return on or before the date by which it is required to be submitted, and
      - (c) if the return had been submitted as required the return would have shown that an amount falling within item 1A, 1B, 1C or 1D of the table in paragraph 1 headed “Value added tax” was due and payable.”;
  - (b) in sub-paragraph (3), after “(2)” there were inserted “or (2A)”.

6th February 2024

*Joy Morrissey*  
*Amanda Milling*  
Two of the Lords Commissioners of His  
Majesty’s Treasury

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend Schedules 9ZD and 9ZE and Parts 1 and 2 of Schedule 9ZF to the Value Added Tax Act 1994 (c. 23) (“VATA 1994”), which introduced two optional schemes to simplify VAT accounting on distance selling transactions.

The first of these schemes is the One Stop Shop (“OSS”) scheme, which was enacted in Schedule 9ZD to VATA 1994 and concerns VAT accounting for the distance selling of goods within the EU and Northern Ireland. The second is the Import One Stop Shop (“IOSS”) scheme, which was enacted in Schedule 9ZE to VATA 1994 and concerns VAT accounting for the distance selling of goods imported into the EU and Northern Ireland.

Regulation 3 amends Schedule 9ZE to VATA 1994 in connection with Joint Declaration No.1/2023 and the adoption of Decision No.1/2023 of the Joint Committee established by the Withdrawal Agreement of 24 March 2023 (known as the “Windsor Framework”). It amends the definition of a “qualifying supply of goods” at paragraph 2 of Schedule 9ZE to exclude the supply of goods located in Great Britain or the Isle of Man to consumers in Northern Ireland.

Regulation 3 also omits paragraph 36A of Schedule 9ZE to VATA 1994 and paragraph 7 of Schedule 9ZF to VATA 1994 which are no longer required as a result of the modifications made by Regulation 3 to the scope of the IOSS scheme.

The Windsor Framework documents can be found at <https://www.gov.uk/government/publications/the-windsor-framework> or are available in hard copy from the Foreign, Commonwealth and Development Office, King Charles Street, London, SW1A 2AH.

Regulations 4 to 6 amend Schedules 9ZD to 9ZF to VATA 1994 to apply the rules on penalties for failure to pay tax contained in Schedule 26 to the Finance Act 2021 (c. 26) and the rules on interest contained in sections 101 to 105 of, and Schedules 53 and 54 to, the Finance Act 2009 (c. 10) to the OSS and IOSS schemes. The modifications made by Regulations 4 to 6 have effect in relation to reporting periods commencing on or after 1st March 2024.

A Tax Information and Impact Note covering the OSS and IOSS schemes was published on 18 May 2021 alongside the Finance Act 2021 and is available on the website at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/987169/TIIN\\_-\\_VAT\\_e-commerce.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987169/TIIN_-_VAT_e-commerce.pdf). A Tax Information and Impact Note covering the rules on interest and failure to pay tax was published on 17 November 2023 and is available on the website at: <https://www.gov.uk/government/publications/interest-harmonisation-and-penalties-for-late-submission-and-late-payment-of-tax/interest-harmonisation-and-penalties-for-late-payment-and-late-submission>. They remain an accurate summary of the impacts that apply to this instrument.