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SCHEDULES

SCHEDULE 18

SERIAL TAX AVOIDANCE

Modifications etc. (not altering text)

- C1** Sch. 18 modified (17.12.2020 for specified purposes, 31.12.2020 in so far as not already in force) by 1994 c. 23, Sch. 9ZA para. 79 (as inserted by [Taxation \(Post-transition Period\) Act 2020 \(c. 26\)](#), s. 11(1)(e), [Sch. 2 para. 2](#) (with s. 3(4), [Sch. 2 para. 7\(7\)-\(10\)](#)); S.I. 2020/1642, reg. 9)

PART 2

ENTRY INTO THE REGIME AND BASIC CONCEPTS

Meaning of “tax advantage” in relation to VAT

- 5 (1) In this Schedule “tax advantage”, in relation to VAT, is to be read in accordance with sub-paragraphs (2) to (4).
- (2) A taxable person obtains a tax advantage if—
- (a) in any prescribed accounting period, the amount by which the output tax accounted for by the person exceeds the input tax deducted by the person is less than it would otherwise be,
 - (b) the person obtains a VAT credit when the person would not otherwise do so, or obtains a larger VAT credit or obtains a VAT credit earlier than would otherwise be the case,
 - (c) in a case where the person recovers input tax as a recipient of a supply before the supplier accounts for the output tax, the period between the time when the input tax is recovered and the time when the output tax is accounted for is greater than would otherwise be the case, or
 - (d) in any prescribed accounting period, the amount of the person's non-deductible tax is less than it would otherwise be.
- (3) A person who is not a taxable person obtains a tax advantage if the person's non-refundable tax is less than it otherwise would be.
- (4) In sub-paragraph (3) “non-refundable tax”, in relation to a person who is not a taxable person, means—
- (a) VAT on the supply to the person of any goods or services,
 - ^{F1}(b) and
 - (c) VAT paid or payable by the person on the importation of any goods ^{F2}...,
- but excluding (in each case) any VAT in respect of which the person is entitled to a refund from the Commissioners by virtue of any provision of VATA 1994.

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Textual Amendments

- F1** Sch. 18 para. 5(4)(b) omitted (31.12.2020) by [Taxation \(Cross-border Trade\) Act 2018 \(2018 c. 22\)](#), s. 57(3), [Sch. 8 para. 121\(a\)\(i\)](#) (with savings and transitional provisions in S.I. 2019/105 (as amended by S.I. 2020/1495, regs. 1(2), [21](#)), S.I. 2020/1545, [Pt. 4](#) and 2020 c. 26, [Sch. 2 para. 7\(7\)-\(9\)](#)); S.I. 2020/1642, [reg. 4\(b\)](#) (with reg. 7)
- F2** Words in Sch. 18 para. 5(4)(c) omitted (31.12.2020) by [Taxation \(Cross-border Trade\) Act 2018 \(2018 c. 22\)](#), s. 57(3), [Sch. 8 para. 121\(a\)\(ii\)](#) (with savings and transitional provisions in S.I. 2019/105 (as amended by S.I. 2020/1495, regs. 1(2), [21](#)), S.I. 2020/1545, [Pt. 4](#) and 2020 c. 26, [Sch. 2 para. 7\(7\)-\(9\)](#)); S.I. 2020/1642, [reg. 4\(b\)](#) (with reg. 7)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)