



Finance Act 1976

1976 CHAPTER 40

PART II

VALUE ADDED TAX

17 Reduction of higher rate

- (1) In section 17(1) of the Finance (No. 2) Act 1975 (higher rate) for the words " 25 per cent." there shall be substituted the words " 12 1/2 per cent. ".
- (2) This section shall be deemed to have come into force on 12th April 1976.

18 Annual adjustments of input tax

In section 3(4) of the Finance Act 1972 (regulations for attributing input tax where not all supplies are taxable) for paragraphs (a) and (b) there shall be substituted—

- “(a) determining a proportion of supplies in any prescribed accounting period which is to be taken as consisting of taxable supplies and provisionally attributing input tax for that period in accordance with the proportion so determined; and
- (b) adjusting, in accordance with a proportion determined in like manner for any longer period comprising two or more prescribed accounting periods or parts thereof, the provisional attribution for any of those prescribed accounting periods; and
- (c) dispensing with an adjustment where the amounts of input tax deductible for any such longer period in accordance with the provisional and adjusted attributions do not differ by more than—
 - (i) an amount equal to such percentage (not exceeding 10 per cent.) of the input tax for that period as may be specified in the regulations; or
 - (ii) such an amount (not exceeding £10) as may be so specified, whichever is the greater ;”.

Status: This is the original version (as it was originally enacted).

19 Effect on value of surcharges and rebates in respect of revenue duties

For the purposes of section 11(b) and 27(2)(b) of the Finance Act 1972 (value of imported goods and of supply of goods in warehouse to include duty) the amount of any duty shall be taken to be the amount with any addition or deduction falling to be made under section 9 of the Finance Act 1961 (surcharges and rebates in respect of revenue duties).

20 Credit and discounts

- (1) Paragraph 3 of Schedule 3 to the Finance Act 1972 (goods supplied pursuant to agreement subject to Hire-Purchase Acts to be treated as supplied for cash price) shall cease to have effect.
- (2) For paragraph 4 of that Schedule (consideration in cases where reduction is allowed for immediate payment etc.) there shall be substituted—
 - “4 (1) Where goods or services are supplied for a consideration in money and on terms allowing a discount for prompt payment, the consideration shall be taken for the purposes of this Part of this Act as reduced by the discount whether or not payment is made in accordance with those terms.
 - (2) This paragraph does not apply where the terms include any provision for payment by instalments.”
- (3) This section shall come into force on the day appointed under section 192(4) of the Consumer Credit Act 1974 for the repeal of section 7 of the Hire-Purchase Act 1965, section 7 of the Hire-Purchase (Scotland) Act 1965 and section 7 of the Hire-Purchase Act (Northern Ireland) 1966.

21 Assessments

- (1) In subsection (1) of section 31 of the Finance Act 1972 (power to assess tax where taxable person has failed to make returns etc.) the word " taxable " shall be omitted.
- (2) Where the person failing to make a return, or making a return which appears to the Commissioners to be incomplete or incorrect, was required to make the return as a personal representative, trustee in bankruptcy, receiver, liquidator or person otherwise acting in a representative capacity in relation to another person, subsection (1) of the said section 31 shall apply as if the reference to tax due from him included a reference to tax due from that other person.
- (3) For the purposes of the said section 31 notification to a personal representative, trustee in bankruptcy, receiver, liquidator or person otherwise acting as aforesaid shall be treated as notification to the person in relation to whom he so acts.

22 Priority in bankruptcy etc.

For the avoidance of doubt it is hereby declared that in section 41 of the Finance Act 1972 (priority in bankruptcy etc.)—

- (a) the reference to tax due at the relevant date is a reference to tax which is then unpaid (whether payable before or after that date); and

- (b) references to tax which has become due within the twelve months next before that date are references to tax (whether payable before or after that date) which is attributable to any prescribed accounting period falling—
 - (i) wholly within those twelve months ; or
 - (ii) subject to apportionment in accordance with subsection (2) of that section, partly within and partly outside those twelve months, including such tax assessed (whether before or after that date) under section 31 of that Act.

23 Failure of resolution under Provisional Collection of Taxes Act 1968

(1) Where—

- (a) by virtue of a resolution having effect under the Provisional Collection of Taxes Act 1968 value added tax has been paid at a rate specified in the resolution on the supply of any goods or services by reference to a value determined under section 10(2) of the Finance Act 1972, and
- (b) by virtue of section 1(6) or (7) or 5(3) of the said Act of 1968 any of that tax is repayable in consequence of the restoration in relation to that supply of a lower rate,

the amount repayable shall be the difference between the tax paid by reference to that value at the rate specified in the resolution and the tax that would have been payable by reference to that value at the lower rate.

(2) Where—

- (a) by virtue of such a resolution value added tax is chargeable at a rate specified in the resolution on the supply of any goods or services by reference to a value determined under the said section 10(2), but
- (b) before the tax is paid it ceases to be chargeable at that rate in consequence of the restoration in relation to that supply of a lower rate,

the tax chargeable at the lower rate shall be charged by reference to the same value as that by reference to which tax would have been chargeable at the rate specified in the resolution.

- (3) The tax that may be deducted as input tax under section 3(1) of the Finance Act 1972 or refunded under section 15 or 15A of that Act does not include tax that has been repaid by virtue of any of the provisions mentioned in subsection (1)(b) above or that would be repayable by virtue of any of those provisions if it had been paid.