



Value Added Tax Act 1994

1994 CHAPTER 23

PART IV

ADMINISTRATION, COLLECTION AND ENFORCEMENT

[^{F1}Default surcharges and other] penalties and criminal offences

72 Offences.

- (1) If any person is knowingly concerned in, or in the taking of steps with a view to, the fraudulent evasion of VAT by him or any other person, he shall be liable—
- (a) on summary conviction, to a penalty of [^{F1}the statutory maximum][^{F1}£20,000] or of three times the amount of the VAT, whichever is the greater, or to imprisonment for a term not exceeding 6 months or to both; or
 - (b) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding 7 years or to both.

- (2) Any reference in subsection (1) above or subsection (8) below to the evasion of VAT includes a reference to the obtaining of—
- (a) the payment of a VAT credit; or
 - (b) a refund under section [^{F2}35 or 36] of this Act or section 22 of the 1983 Act; or
 - ^{F3}(c)
 - (d) a repayment under section 39;

and any reference in those subsections to the amount of the VAT shall be construed—

- (i) in relation to VAT itself or a VAT credit, as a reference to the aggregate of the amount (if any) falsely claimed by way of credit for input tax and the amount (if any) by which output tax was falsely understated, and
- (ii) in relation to a refund or repayment falling within paragraph [^{F4}(b) or (d)] above, as a reference to the amount falsely claimed by way of refund or repayment.

- (3) If any person—

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- (a) with intent to deceive produces, furnishes or sends for the purposes of this Act or otherwise makes use for those purposes of any document which is false in a material particular; or
- (b) in furnishing any information for the purposes of this Act makes any statement which he knows to be false in a material particular or recklessly makes a statement which is false in a material particular,

he shall be liable—

- (i) on summary conviction, to a penalty of [^{F5}the statutory maximum][^{F5}£20,000] or, where subsection (4) or (5) below applies, to the alternative penalty specified in that subsection if it is greater, or to imprisonment for a term not exceeding 6 months or to both; or
- (ii) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding 7 years or to both.

(4) In any case where—

- (a) the document referred to in subsection (3)(a) above is a return required under this Act, or
- (b) the information referred to in subsection (3)(b) above is contained in or otherwise relevant to such a return,

the alternative penalty referred to in subsection (3)(i) above is a penalty equal to three times the aggregate of the amount (if any) falsely claimed by way of credit for input tax and the amount (if any) by which output tax was falsely understated.

(5) In any case where—

- (a) the document referred to in subsection (3)(a) above is a claim for a refund under section [^{F6}35 or 36] of this Act or section 22 of the 1983 Act, ^{F7}... or for a repayment under section 39, or
- (b) the information referred to in subsection (3)(b) above is contained in or otherwise relevant to such a claim,

the alternative penalty referred to in subsection (3)(i) above is a penalty equal to 3 times the amount falsely claimed.

(6) The reference in subsection (3)(a) above to furnishing, sending or otherwise making use of a document which is false in a material particular, with intent to deceive, includes a reference to furnishing, sending or otherwise making use of such a document, with intent to secure that a machine will respond to the document as if it were a true document.

(7) Any reference in subsection (3)(a) or (6) above to producing, furnishing or sending a document includes a reference to causing a document to be produced, furnished or sent.

(8) Where a person's conduct during any specified period must have involved the commission by him of one or more offences under the preceding provisions of this section, then, whether or not the particulars of that offence or those offences are known, he shall, by virtue of this subsection, be guilty of an offence and liable—

- (a) on summary conviction, to a penalty of [^{F8}the statutory maximum][^{F8}£20,000] or, if greater, 3 times the amount of any VAT that was or was intended to be evaded by his conduct, or to imprisonment for a term not exceeding 6 months or to both, or
- (b) on conviction on indictment to a penalty of any amount or to imprisonment for a term not exceeding 7 years or to both.

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- ^{F9}(9)
- (10) If any person acquires possession of or deals with any goods, or accepts the supply of any services, having reason to believe that VAT on the supply of the goods or services^{F10}... or on the importation of the goods^{F11}... has been or will be evaded, he shall be liable on summary conviction to a penalty of [^{F12}level 5 on the standard scale][^{F12}£20,000] or three times the amount of the VAT, whichever is the greater.
- (11) If any person supplies [^{F13}or is supplied with] goods or services in contravention of paragraph 4(2) of Schedule 11, he shall be liable on summary conviction to a penalty of [^{F14}level 5 on the standard scale][^{F14}£20,000].
- (12) Subject to subsection (13) below, sections 145 to 155 of the Management Act (proceedings for offences, mitigation of penalties and certain other matters) shall apply in relation to offences under this Act (which include any act or omission in respect of which a penalty is imposed) and penalties imposed under this Act as they apply in relation to offences and penalties under the customs and excise Acts as defined in that Act; and accordingly in section 154(2) as it applies by virtue of this subsection the reference to duty shall be construed as a reference to VAT.
- (13) In subsection (12) above the references to penalties do not include references to penalties under sections 60 to 70.

Textual Amendments

- F1** Sum in s. 72(1)(a) substituted for words (E.W.) (12.3.2015) by [The Legal Aid, Sentencing and Punishment of Offenders Act 2012 \(Fines on Summary Conviction\) Regulations 2015 \(S.I. 2015/664\)](#), reg. 1(1), [Sch. 2 para. 8\(2\)](#) (with reg. 5(1))
- F2** Words in s. 72(2)(b) substituted (31.12.2020) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(3), [Sch. 8 para. 63\(2\)\(a\)](#) (with Sch. 8 para. 99) (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)
- F3** S. 72(2)(c) omitted (31.12.2020) by virtue of [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(3), [Sch. 8 para. 63\(2\)\(b\)](#) (with Sch. 8 para. 99) (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)
- F4** Words in s. 72(2)(d)(ii) substituted (31.12.2020) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(3), [Sch. 8 para. 63\(2\)\(c\)](#) (with Sch. 8 para. 99) (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)
- F5** Sum in s. 72(3)(i) substituted for words (E.W.) (12.3.2015) by [The Legal Aid, Sentencing and Punishment of Offenders Act 2012 \(Fines on Summary Conviction\) Regulations 2015 \(S.I. 2015/664\)](#), reg. 1(1), [Sch. 2 para. 8\(3\)](#) (with reg. 5(1))
- F6** Words in s. 72(5)(a) substituted (31.12.2020) by [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(3), [Sch. 8 para. 63\(3\)\(a\)](#) (with Sch. 8 para. 99) (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)
- F7** Words in s. 72(5)(a) omitted (31.12.2020) by virtue of [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\)](#), s. 57(3), [Sch. 8 para. 63\(3\)\(b\)](#) (with Sch. 8 para. 99) (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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- F8** Sum in s. 72(8)(a) substituted for words (E.W.) (12.3.2015) by *The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015* (S.I. 2015/664), reg. 1(1), **Sch. 2 para. 8(4)** (with reg. 5(1))
- F9** S. 72(9) repealed (8.11.2007) by *Finance Act 2007* (c. 11), s. 84(4)(5), Sch. 22 para. 8(a), **Sch. 27 Pt. 5(1)**; S.I. 2007/3166, art. 2(c)
- F10** Words in s. 72(10) omitted (31.12.2020) by virtue of *Taxation (Cross-border Trade) Act 2018* (c. 22), s. 57(3), **Sch. 8 para. 63(4)(a)** (with Sch. 8 para. 99) (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)
- F11** Words in s. 72(10) omitted (31.12.2020) by virtue of *Taxation (Cross-border Trade) Act 2018* (c. 22), s. 57(3), **Sch. 8 para. 63(4)(b)** (with Sch. 8 para. 99) (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)
- F12** Sum in s. 72(10) substituted for words (E.W.) (12.3.2015) by *The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015* (S.I. 2015/664), reg. 1(1), **Sch. 2 para. 8(5)** (with reg. 5(1))
- F13** Words in s. 72(11) inserted (retrospective to 10.4.2003) by *Finance Act 2003* (c. 14), s. 17(5)(8)
- F14** Sum in s. 72(11) substituted for words (E.W.) (12.3.2015) by *The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Fines on Summary Conviction) Regulations 2015* (S.I. 2015/664), reg. 1(1), **Sch. 2 para. 8(6)** (with reg. 5(1))

Modifications etc. (not altering text)

- C1** S. 72 applied (with modifications) (1.5.2023) by *The Value Added Tax (Margin Schemes and Removal or Export of Goods: VAT-related Payments) Order 2023* (S.I. 2023/68), arts. 1(1), **13** (with art. 1(2))

Changes to legislation:

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