



# Finance (No. 2) Act 2005

## 2005 CHAPTER 22

### PART 1

#### VALUE ADDED TAX

#### **4 Section 3: consequential and supplementary provision**

- (1) In consequence of the amendments made by section 3, VATA 1994 is amended as follows.
- (2) In section 78 (interest in certain cases of official error) in subsection (1)(a) (overstated output tax) for “and which they are in consequence liable to repay to him” substitute “ and, as a result, they are liable under section 80(2A) to pay (or repay) an amount to him, ”.
- (3) In section 80A (arrangements for reimbursing customers)—
  - (a) in subsection (2)(a), for “repayment” substitute “ crediting ”;
  - (b) in subsection (2)(b), for “the cost of the original payment of that amount to the Commissioners” substitute “ the amount brought into account as mentioned in paragraph (b) of subsection (1) or (1A) of that section ”;
  - (c) in subsection (3)(a), for “repayment” substitute “ crediting of the amount ”;
  - (d) for subsection (3)(b) substitute—
    - “(b) provision for cases where an amount is credited but an equal amount is not reimbursed in accordance with the arrangements;”;
  - (e) in subsection (3)(c), for “repaid” substitute “ paid (or repaid) ”;
  - (f) in subsection (4)(a), for “to make the repayments to the Commissioners that they are required to make” substitute “ to make the repayments, or give the notifications, to the Commissioners that they are required to make or give ”;
  - (g) in subsection (7)—
    - (i) for “repayment”, in the first place, substitute “ credit ”;
    - (ii) for “the making of any repayment” substitute “ the crediting of any amount ”.

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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2005, Section 4. (See end of Document for details)*

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(4) In section 80B (assessment of amounts due under section 80A arrangements) after subsection (1) (person liable to pay an amount) insert—

“(1A) Where—

- (a) an amount (“the gross credit”) has been credited to any person under subsection (1) or (1A) of section 80,
- (b) any sums were set against that amount, in accordance with subsection (2A) of that section, and
- (c) the amount reimbursed in accordance with the reimbursement arrangements was less than the gross credit,

subsection (1B) below applies.

(1B) In any such case—

- (a) the person shall cease to be entitled to so much of the gross credit as exceeds the amount so reimbursed, and
- (b) the Commissioners may, to the best of their judgement, assess the amount due from that person and notify it to him,

but an amount shall not be assessed under this subsection to the extent that the person is liable to pay it to the Commissioners as mentioned in subsection (1) above.

(1C) In determining the amount that a person is liable to pay as mentioned in subsection (1) above, any amount reimbursed in accordance with the reimbursement arrangements shall be regarded as first reducing so far as possible the amount that he would have been liable so to pay, but for the reimbursement of that amount.

(1D) For the purposes of this section, nil is an amount.

(1E) Any reference in any other provision of this Act to an assessment under subsection (1) above includes, if the context so admits, a reference to an assessment under subsection (1B) above.”.

(5) In section 83 (appeals)—

- (a) in paragraph (t) (repayment of amounts under section 80 etc) before “repayment” insert “crediting or”;
- (b) in paragraph (ta) (assessments under section 80B(1) etc) after “80B(1)” insert “or (1B)”.

(6) The amendments made by section 3 and this section have effect in any case where a claim under section 80(2) of VATA 1994 is made on or after 26th May 2005, whenever the event occurred in respect of which the claim is made.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance (No. 2) Act 2005, Section 4.