

*These notes refer to the Finance (No. 2) Act 2010  
(c.31) which received Royal Assent on 27 July 2010*

## **FINANCE (NO. 2) ACT 2010**

---

### **EXPLANATORY NOTES**

#### ***Section 3 Schedule 2: Vat: Increase in Standard Rate and Anti-Avoidance Provision***

##### **Details of the Section**

2. Subsection (1) amends section 2(1) of the VAT Act 1994 (VATA) to increase the standard rate of VAT from 17.5 per cent to 20 per cent.
3. Subsection (2) substitutes in section 21(4) of VATA 25 per cent for 28.58 per cent. This preserves the effective 5 per cent VAT rate on imports of goods defined in section 21(5) of VATA (works of art, certain antiques, collections and collector's pieces).
4. Subsection (3) provides for the amendment in subsection (1) to have effect in relation to any supply made on or after 4 January 2011 and any acquisition or importation taking place on or after that date.
5. Subsection (4) provides for the amendment made by subsection (2) to have effect in relation to goods imported on or after 4 January 2011.