



# Finance Act 2020

## 2020 CHAPTER 14

### PART 3

#### OTHER TAXES

##### *Value added tax*

#### **80 Call-off stock arrangements**

- (1) VATA 1994 is amended as follows.
- (2) After section 14 insert—

*“Goods supplied between the UK and member States under call-off stock arrangements*

#### **14A Call-off stock arrangements**

Schedule 4B (call-off stock arrangements) has effect.”

- (3) In section 69 (breaches of regulatory provisions)—
  - (a) in subsection (1)(a) for “or paragraph 5 of Schedule 3A” substitute “, paragraph 5 of Schedule 3A or paragraph 9(1) or (2)(a) of Schedule 4B”, and
  - (b) in subsection (2) after “under” insert “paragraph 8 or 9(2)(b) of Schedule 4B or”.
- (4) In Schedule 4 (matters to be treated as a supply of goods or services) in paragraph 6, after sub-paragraph (2) insert—

“(3) Sub-paragraph (1) above is subject to paragraph 2 of Schedule 4B (call-off stock arrangements).”
- (5) After Schedule 4A insert—

## “SCHEDULE 4B

Section 14A

## CALL-OFF STOCK ARRANGEMENTS

**Where this Schedule applies**

- 1 (1) This Schedule applies where—
- (a) on or after 1 January 2020 goods forming part of the assets of any business are removed —
    - (i) from the United Kingdom for the purpose of being taken to a place in a member State, or
    - (ii) from a member State for the purpose of being taken to a place in the United Kingdom,
  - (b) the goods are removed in the course or furtherance of that business by or under the directions of the person carrying on that business (“the supplier”),
  - (c) the goods are removed with a view to their being supplied in the destination State, at a later stage and after their arrival there, to another person (“the customer”),
  - (d) at the time of the removal the customer is entitled to take ownership of the goods in accordance with an agreement existing between the customer and the supplier,
  - (e) at the time of the removal the supplier does not have a business establishment or other fixed establishment in the destination State,
  - (f) at the time of the removal the customer is identified for the purposes of VAT in accordance with the law of the destination State and both the identity of the customer and the number assigned to the customer for the purposes of VAT by the destination State are known to the supplier,
  - (g) as soon as reasonably practicable after the removal the supplier records the removal in the register provided for in Article 243(3) of Council Directive [2006/112/EC](#) of 28 November 2006 on the common system of value added tax, and
  - (h) the supplier includes the number mentioned in paragraph (f) in the recapitulative statement provided for in Article 262(2) of Council Directive [2006/112/EC](#).
- (2) In this Schedule—
- “the destination State” means—
- (a) in a case within paragraph (i) of sub-paragraph (1)(a), the member State concerned, and
  - (b) in a case within paragraph (ii) of sub-paragraph (1)(a), the United Kingdom, and
- “the origin State” means—
- (a) in a case within paragraph (i) of sub-paragraph (1)(a), the United Kingdom, and
  - (b) in a case within paragraph (ii) of sub-paragraph (1)(a), the member State concerned.

### **Removal of the goods not to be treated as a supply**

- 2 The removal of the goods from the origin State is not to be treated by reason of paragraph 6(1) of Schedule 4 as a supply of goods by the supplier.

### **Goods transferred to the customer within 12 months of arrival**

- 3 (1) The rules in sub-paragraph (2) apply if—
- (a) during the period of 12 months beginning with the day the goods arrive in the destination State the supplier transfers the whole property in the goods to the customer, and
  - (b) during the period beginning with the day the goods arrive in the destination State and ending immediately before the time of that transfer no relevant event occurs.
- (2) The rules are that—
- (a) a supply of the goods in the origin State is deemed to be made by the supplier,
  - (b) the deemed supply is deemed to involve the removal of the goods from the origin State at the time of the transfer mentioned in sub-paragraph (1),
  - (c) the consideration given by the customer for the transfer mentioned in sub-paragraph (1) is deemed to have been given for the deemed supply, and
  - (d) an acquisition of the goods by the customer in pursuance of the deemed supply is deemed to take place in the destination State.
- (3) For the meaning of a “relevant event”, see paragraph 7.

### **Relevant event occurs within 12 months of arrival**

- 4 (1) The rules in sub-paragraph (2) apply (subject to paragraph 6) if—
- (a) during the period of 12 months beginning with the day the goods arrive in the destination State a relevant event occurs, and
  - (b) during the period beginning with the day the goods arrive in the destination State and ending immediately before the time that relevant event occurs the supplier does not transfer the whole property in the goods to the customer.
- (2) The rules are that—
- (a) a supply of the goods in the origin State is deemed to be made by the supplier,
  - (b) the deemed supply is deemed to involve the removal of the goods from the origin State at the time the relevant event occurs, and
  - (c) an acquisition of the goods by the supplier in pursuance of the deemed supply is deemed to take place in the destination State.
- (3) For the meaning of a “relevant event”, see paragraph 7.

**Goods not transferred and no relevant event occurs within 12 months of arrival**

- 5 (1) The rules in sub-paragraph (2) apply (subject to paragraph 6) if during the period of 12 months beginning with the day the goods arrive in the destination State the supplier does not transfer the whole property in the goods to the customer and no relevant event occurs.
- (2) The rules are that—
- (a) a supply of the goods in the origin State is deemed to be made by the supplier,
  - (b) the deemed supply is deemed to involve the removal of the goods from the origin State at the beginning of the day following the expiry of the period of 12 months mentioned in sub-paragraph (1), and
  - (c) an acquisition of the goods by the supplier in pursuance of the deemed supply is deemed to take place in the destination State.
- (3) For the meaning of a “relevant event”, see paragraph 7.

**Exception to paragraphs 4 and 5: goods returned to origin State**

- 6 The rules in paragraphs 4(2) and 5(2) do not apply if during the period of 12 months beginning with the day the goods arrive in the destination State—
- (a) the goods are returned to the origin State by or under the direction of the supplier, and
  - (b) the supplier records the return of the goods in the register provided for in Article 243(3) of [Council Directive 2006/112/EC](#).

**Meaning of “relevant event”**

- 7 (1) For the purposes of this Schedule each of the following events is a relevant event—
- (a) the supplier forms an intention not to supply the goods to the customer (but see sub-paragraph (2)),
  - (b) the supplier forms an intention to supply the goods to the customer otherwise than in the destination State,
  - (c) the supplier establishes a business establishment or other fixed establishment in the destination State,
  - (d) the customer ceases to be identified for the purposes of VAT in accordance with the law of the destination State,
  - (e) the goods are removed from the destination State by or under the directions of the supplier otherwise than for the purpose of being returned to the origin State, or
  - (f) the goods are destroyed, lost or stolen.
- (2) But the event mentioned in paragraph (a) of sub-paragraph (1) is not a relevant event for the purposes of this Schedule if—
- (a) at the time that the event occurs the supplier forms an intention to supply the goods to another person (“the substitute customer”),
  - (b) at that time the substitute customer is identified for the purposes of VAT in accordance with the law of the destination State,

- (c) the supplier includes the number assigned to the substitute customer for the purposes of VAT by the destination State in the recapitulative statement provided for in Article 262(2) of [Council Directive 2006/112/EC](#), and
  - (d) as soon as reasonably practicable after forming the intention to supply the goods to the substitute customer the supplier records that intention in the register provided for in Article 243(3) of [Council Directive 2006/112/EC](#).
- (3) In a case where sub-paragraph (2) applies, references in this Schedule to the customer are to be then read as references to the substitute customer.
- (4) In a case where the goods are destroyed, lost or stolen but it is not possible to determine the date on which that occurred, the goods are to be treated for the purposes of this Schedule as having been destroyed, lost or stolen on the date on which they were found to be destroyed or missing.

#### **Record keeping by the supplier**

- 8 In a case where the origin State is the United Kingdom, any record made by the supplier in pursuance of paragraph 1(1)(g), 6(b) or 7(2)(d) must be preserved for such period not exceeding 6 years as the Commissioners may specify in writing.

#### **Record keeping by the customer**

- 9 (1) In a case where the destination State is the United Kingdom, the customer must as soon as is reasonably practicable make a record of the information relating to the goods that is specified in Article 54A(2) of Council Implementing [Regulation \(EU\) No. 282/2011](#) of 15 March 2011 laying down implementing measures for [Directive 2006/112/EC](#) on the common system of value added tax.
- (2) A record made under this paragraph must—
- (a) be made in a register kept by the customer for the purposes of this paragraph, and
  - (b) be preserved for such period not exceeding 6 years as the Commissioners may specify in writing.”
- (6) In Schedule 6 (valuation of supplies: special cases) in paragraph 6(1) in paragraph (c) after “that Schedule” insert “; or
- (d) paragraph 4(2)(a) or 5(2)(a) of Schedule 4B”.
- (7) The Value Added Tax Regulations 1995 ([S.I. 1995/2518](#)) are amended as follows.
- (8) In regulation 21 (interpretation of Part 4)—
- (a) the existing text becomes paragraph (1), and
  - (b) after that paragraph insert—
- “(2) For the purposes of this Part—
- (a) goods are removed from the United Kingdom under call-off stock arrangements if they are removed from the United Kingdom in circumstances where the conditions in

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

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paragraphs (a) to (g) of paragraph 1(1) of Schedule 4B to the Act are met,

- (b) references to “the customer” or “the destination State”, in relation to goods removed from the United Kingdom under call-off stock arrangements, are to be construed in accordance with paragraph 1 of Schedule 4B to the Act, and
- (c) “call-off stock goods”, in relation to a taxable person, means goods that have been removed from the United Kingdom under call-off stock arrangements by or under the directions of the taxable person.”

(9) After regulation 22 insert—

“22Z(A) A taxable person must submit a statement to the Commissioners if any of the following events occurs—

- (a) goods are removed from the United Kingdom under call-off stock arrangements by or under the directions of the taxable person;
- (b) call-off stock goods are returned to the United Kingdom by or under the directions of the taxable person at any time during the period of 12 months beginning with their arrival in the destination State;
- (c) the taxable person forms an intention to supply call-off stock goods to a person (“the substitute”) other than the customer in circumstances where—
  - (i) the taxable person forms that intention during the period of 12 months beginning with the arrival of the goods in the destination State, and
  - (ii) the substitute is identified for VAT purposes in accordance with the law of the destination State.

(2) The statement must—

- (a) be made in the form specified in a notice published by the Commissioners,
- (b) contain, in respect of each event mentioned in paragraph (1) which has occurred within the period in respect of which the statement is made, such information as may from time to time be specified in a notice published by the Commissioners, and
- (c) contain a declaration that the information provided in the statement is true and complete.

(3) Paragraphs (3), (4) and (6) of regulation 22 have effect for the purpose of determining the period in respect of which the statement must be made, but as if—

- (a) in paragraph (3)(a) of regulation 22, for “paragraphs (4) to (6)” there were substituted “paragraphs (4) and (6)”,
- (b) in paragraph (3)(a) of regulation 22, for “the EU supply of goods is made” there were substituted “the event occurs”,
- (c) in paragraph (4)(a) of regulation 22, for “the supply is made” there were substituted “the event occurs”, and
- (d) in paragraph (6) of regulation 22, the reference to paragraph (1) of that regulation were a reference to paragraph (1) of this regulation.

- (4) In determining the period in respect of which the statement must be made, the time at which an event mentioned in paragraph (1)(a) of this regulation is to be taken to occur is the time the goods concerned are removed from the United Kingdom (rather than the time the condition mentioned in paragraph (g) of paragraph 1(1) to Schedule 4B to the Act is met in respect of the removal).”
- (10) In regulation 22B (EC sales statements: supplementary)—
- (a) in paragraph (1) for the words from “statements”, in the first place it occurs, to “and” substitute “more than one statement is to be submitted under regulations 22 to”,
  - (b) in paragraph (2) after “22” insert “, 22ZA”, and
  - (c) in paragraph (3), in the words before paragraph (a), after “22” insert “, 22ZA”.
- (11) Regulation 22ZA of the Value Added Tax Regulations 1995 (as inserted by subsection (9)) is to be treated for the purposes of sections 65 and 66 of VATA 1994 as having been made under paragraph 2(3) of Schedule 11 to that Act.