



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 6

OTHER TAXES

Value added tax

315 Deposit schemes

In Part 3 of VATA 1994 (application of Act in particular cases), after section 55A insert—

“55B Deposit schemes: designation

- (1) In sections 55C and 55D “a designated deposit scheme” means a deposit scheme which is designated, for the purposes of this section, by regulations made by the Commissioners.
- (2) A “deposit scheme” means a scheme which is established—
 - (a) by regulations under Schedule 8 to the Environment Act 2021, or
 - (b) by or under any other enactment that makes similar provision for a returnable deposit to be paid in relation to goods.
- (3) In subsection (2)(b), the reference to an “enactment” includes a reference to an enactment comprised in, or in an instrument made under—
 - (a) an Act of the Scottish Parliament,
 - (b) a Measure or Act of Senedd Cymru, or
 - (c) Northern Ireland legislation.
- (4) Section 97(5) (statutory instruments: procedure) does not apply to a statutory instrument containing only regulations under subsection (1).

Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 315. (See end of Document for details)

55C Deposit schemes: value of supply

- (1) This section applies if—
 - (a) a taxable person makes a taxable (but not a zero-rated) supply of goods, and
 - (b) a deposit amount is payable in relation to the goods supplied.
- (2) For the purposes of this section and section 55D, a “deposit amount” in relation to goods is an amount that, in accordance with the provisions of a designated deposit scheme—
 - (a) is added to the price payable for the goods, and
 - (b) must be repaid by a person, if the conditions for repayment under the scheme are met.
- (3) The deposit amount is to be disregarded in determining the amount of the consideration for the purposes of calculating the value of the supply under this Act.

55D Deposit schemes: liability to account for VAT on deposit amounts

- (1) For the purposes of this section, a person makes a “relevant deposit scheme supply” if—
 - (a) the person makes the first supply of goods in relation to which a deposit amount is payable (whether or not another person makes a subsequent supply of those goods in relation to which a deposit amount is payable), and
 - (b) that supply is a taxable (but not a zero-rated) supply.
- (2) A person who makes relevant deposit scheme supplies is liable to account for and pay the VAT in respect of the deposit amount that, on the applicable assumption, would have been charged in relation to the proportion of the supplies that is determined, in accordance with provision made by or under regulations under subsection (4), as being attributable to goods in respect of which no deposit amount is repaid.
- (3) The applicable assumption is that, in the case of those goods, section 55C(3) is ignored and the deposit amount and the price payable for the goods are regarded instead as indistinguishable parts of the consideration for the supply of the goods.
- (4) The Commissioners may by regulations make provision about accounting for VAT in relation to designated deposit schemes including, in particular, provision—
 - (a) for the making of financial adjustments in connection with the liability to account for and pay VAT under subsection (2);
 - (b) specifying the methods for calculating those adjustments;
 - (c) specifying the methods for determining or estimating the proportion of supplies in respect of which deposit amounts are not repaid;
 - (d) about the manner in which, and the period within which, adjustments are to be made (including adjustments for the correction of errors);
 - (e) specifying the conditions subject to which adjustments are to be made;

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- (f) conferring power on the Commissioners to make provision for the purposes of paragraphs (a) to (e) by means of a notice published in accordance with the regulations.
- (5) The power to make regulations under subsection (4) includes power to make (or to enable the Commissioners to make)—
- (a) different provision for different purposes;
 - (b) different provision for different areas;
 - (c) consequential, supplementary, incidental, transitional, transitory or saving provision.”

Changes to legislation:

There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Section 315.