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## STATUTORY INSTRUMENTS

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# 1995 No. 2518

## The Value Added Tax Regulations 1995

### PART VII

#### ANNUAL ACCOUNTING

##### Interpretation of Part VII

**49.** In this Part—

“authorised person” means a person who has been authorised by the Commissioners in accordance with regulation 50, and “authorised” and “authorisation” shall be construed accordingly;

“current accounting year” means the period of 12 months commencing at the date of authorisation by the Commissioners set out in regulation 50 or, while a person remains authorised, the most recent anniversary thereof, and is a prescribed accounting period within the meaning of section 25(1) of the Act.

##### Annual accounting scheme

**50.** The Commissioners may, subject to this Part, authorise a taxable person to account for VAT in accordance with a scheme (hereinafter referred to in this Part as “the scheme”) by which he—

- (a) pays by direct debit on his bank account in 9 equal monthly instalments commencing on the last day of the fourth month of his current accounting year 90 per cent. of his liability for VAT as estimated by the Commissioners for that current accounting year, and
- (b) makes by the last day of the second month following the end of that current accounting year a return in respect of that year, together with any outstanding payment due to the Commissioners in respect of his liability for VAT declared on that return.

##### Admission to the scheme

**51.** —

- (1) A taxable person shall be eligible to apply for authorisation under regulation 50 if—
  - (a) he has been registered for at least one year at the date of his application for authorisation,
  - (b) he has reasonable grounds for believing that the value of taxable supplies made or to be made by him in the period of one year beginning on the date of his application for authorisation will not exceed £300,000,
  - (c) he has made all the returns which he is required to make,
  - (d) his total credits for input tax did not exceed his total output tax in the year prior to his application for authorisation,
  - (e) his registration is not in the name of a group under section 43(1) of the Act,
  - (f) his registration is not in the name of a division under section 46(1) of the Act, and

(g) he has not in the 3 years preceding the date of his application for authorisation had his authorisation terminated under regulation 55(1).

(2) The Commissioners may refuse to authorise a person under regulation 50 where they consider it necessary to do so for the protection of the revenue.

**52. —**

(1) An authorised person may start to use the scheme at the beginning of the current accounting year indicated in the notification of that authorisation.

(2) An authorised person may remain in the scheme unless—

- (a) at the end of any current accounting year the value of taxable supplies made by him in that year has exceeded by 25 per cent. or more the figure of £300,000, in which case his authorisation shall terminate forthwith;
- (b) at any time there is reason to believe that the value of taxable supplies made by him in a current accounting year will exceed by 25 per cent. or more the figure of £300,000, in which case he shall within 30 days notify the Commissioners, who may terminate his authorisation; or
- (c) his authorisation is terminated in accordance with regulation 55.

**53.** An authorised person who ceases to operate the scheme either of his own volition or because the value of taxable supplies made by him exceeds the level provided for in regulation 52 shall account for and pay VAT as provided for otherwise than under this Part.

**54.** Where an authorised person becomes insolvent and ceases to trade, other than for the purpose of disposing of stocks and assets, or where such person ceases business or ceases to be registered or dies or becomes bankrupt or incapacitated, his authorisation shall terminate forthwith and he or his representative shall within 2 months make a return as provided for otherwise than under this Part accounting for and paying VAT in respect of supplies made during his current accounting year, subject to any adjustment for credit for input tax.

**Expulsion from the scheme**

**55. —**

(1) The Commissioners may terminate an authorisation in any case where—

- (a) a false statement has been made by or on behalf of an authorised person in relation to his application for authorisation, or
- (b) an authorised person fails to make by the due date his return in respect of the current accounting year, or
- (c) an authorised person fails to make any payment prescribed in regulation 50, or
- (d) an authorised person has failed to leave the scheme as provided for in regulation 52(2), or
- (e) it is necessary to do so for the protection of the revenue, or
- (f) an authorised person has not, in relation to a return made by him prior to authorisation, paid to the Commissioners all such sums shown as due thereon, or
- (g) an authorised person has not, in relation to any assessment made either under section 73 or section 76 of the Act, paid to the Commissioners all such sums shown as due thereon.

(2) A person whose authorisation has been terminated under paragraph (1) above shall account for and pay VAT as provided for otherwise than under this Part.