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STATUTORY INSTRUMENTS

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**1995 No. 2518**

**The Value Added Tax Regulations 1995**

**PART XIV**

**INPUT TAX AND PARTIAL EXEMPTION**

**[<sup>F1</sup>106A.**—(1) This regulation applies where regulation 107A applies.

(2) Where, taken together with the amount of any adjustment under regulation 107A, input tax attributed under regulations 101, 103 [<sup>F2</sup>, 103A and 103B] to exempt supplies, or to supplies outside the United Kingdom which would be exempt if made in the United Kingdom (in each case not being supplies specified in an Order made under section 26(2)(c) of the Act)—

- (a) does not amount to more than £625 per month on average, and
- (b) does not exceed one half of all his input tax for the period concerned,

all such input tax in that period shall be treated as attributable to taxable supplies.

(3) Where, in accordance with regulations 101, 103 [<sup>F2</sup>, 103A and 103B], a taxable person has attributed an amount of input tax to exempt supplies, or to supplies outside the United Kingdom which would be exempt if made in the United Kingdom (in each case not being supplies specified in an Order made under section 26(2)(c) of the Act) and, after applying regulation 107A, he is entitled to treat all his input tax as attributable to taxable supplies under paragraph (2) above, he shall—

- (a) calculate the difference between—
  - (i) the total amount of input tax for that prescribed accounting period, and
  - (ii) the amount of input tax deducted in that prescribed accounting period, taken together with the amount of any adjustment under regulation 107A, and
- (b) include this difference as an under-deduction in a return for the first prescribed accounting period next following the prescribed accounting period referred to in regulation 107A(1), except where the Commissioners allow another return to be used for this purpose.

(4) Where in a prescribed accounting period a taxable person has treated input tax as attributable to taxable supplies under regulation 106(1) but is not entitled to do so because of the operation of paragraph (2) above, he shall include the amount so treated as an over-deduction in a return for the first prescribed accounting period next following the prescribed accounting period referred to in regulation 107A(1), except where the Commissioners allow another return to be used for this purpose.

(5) But where a registered person has his registration cancelled at or before the end of the prescribed accounting period referred to in regulation 107A(1), he shall account for any adjustment under this regulation on his final return.]

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**Changes to legislation:** There are currently no known outstanding effects for the The Value Added Tax Regulations 1995, Section 106A. (See end of Document for details)

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**Textual Amendments**

- F1** [Reg. 106A](#) inserted (18.4.2002 in relation to input tax incurred by a taxable person on goods imported or acquired by, or goods or services supplied to, him on or after that date) by [The Value Added Tax \(Amendment\) Regulations 2002 \(S.I. 2002/1074\)](#), regs. 1, **5**
- F2** Words in [reg. 106A\(2\)\(3\)](#) substituted (3.12.2004) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2004 \(S.I. 2004/3140\)](#), regs. 2(3), **13**

**Changes to legislation:**

There are currently no known outstanding effects for the The Value Added Tax Regulations 1995, Section 106A.