

STATUTORY INSTRUMENTS

1995 No. 2518

The Value Added Tax Regulations 1995

PART XV

ADJUSTMENTS TO THE DEDUCTION OF INPUT TAX ON CAPITAL ITEMS

Ascertainment of taxable use of a capital item

116. —

(1) Subject to regulation 115(3) [^{F1} and (3B)] and paragraphs (2) [^{F2}, (A2)] and (3) below, for the purposes of this Part, an attribution of the total input tax on the capital item shall be determined for each subsequent interval applicable to it [^{F3} in accordance with the provisions of sections 24 to 26 of the Act and regulations made under those sections as they apply to that interval] and the proportion of the input tax thereby determined to be attributable to taxable supplies shall be treated as being the extent to which the capital item is used in making taxable supplies in that subsequent interval.

[^{F4}(A2) Subject to paragraph (2) below, the attribution of the total input tax on a capital item for subsequent intervals determined in accordance with regulation 114(5A) above shall be determined by such method as is agreed with the Commissioners.]

(2) In any particular case the Commissioners may allow another method by which, or may direct the manner in which, the extent to which a capital item is used in making taxable supplies in any subsequent interval applicable to it is to be ascertained.

(3) Where the owner of a building which is a capital item of his grants or assigns a tenancy or lease in the whole or any part of that building and that grant or assignment is a zero-rated supply to the extent only as provided by—

- (a) note [^{F5}(14)] to Group 5 of Schedule 8 to the Act, or
- (b) that note as applied to Group 6 of that Schedule by note [^{F6}(3)] to Group 6, or
- (c) paragraph 8 of Schedule 13 to the Act,

any subsequent exempt supply of his arising directly from that grant or assignment shall be disregarded in determining the extent to which the capital item is used in making taxable supplies in any interval applicable to it.

Textual Amendments

- F1** Words in [reg. 116\(1\)](#) inserted (3.7.1997) by [The Value Added Tax \(Amendment\) \(No.3\) Regulations 1997 \(S.I. 1997/1614\)](#), [regs. 1, 13\(a\)\(i\)](#)
- F2** Word in [reg. 116\(1\)](#) and comma inserted (3.7.1997) by [The Value Added Tax \(Amendment\) \(No.3\) Regulations 1997 \(S.I. 1997/1614\)](#), [regs. 1, 13\(a\)\(ii\)](#)
- F3** Words in [reg. 116\(1\)](#) substituted (1.1.2011) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2010 \(S.I. 2010/3022\)](#), [regs. 1\(1\), 14](#)
- F4** [Reg. 116\(A2\)](#) inserted (3.7.1997) by [The Value Added Tax \(Amendment\) \(No.3\) Regulations 1997 \(S.I. 1997/1614\)](#), [regs. 1, 13\(b\)](#)

Changes to legislation: *There are currently no known outstanding effects for the The Value Added Tax Regulations 1995, Section 116. (See end of Document for details)*

- F5** Word in reg. 116(3)(a) substituted (1.1.1996) by The Value Added Tax (Amendment) Regulations 1995 (S.I. 1995/3147), regs. 1, **5(a)**
- F6** Word in reg. 116(3)(b) substituted (1.1.1996) by The Value Added Tax (Amendment) Regulations 1995 (S.I. 1995/3147), regs. 1, **5(b)**
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Commencement Information

- I1** Reg. 116 in force at 20.10.1995, see **reg. 1**

Changes to legislation:

There are currently no known outstanding effects for the The Value Added Tax Regulations 1995, Section 116.