

---

STATUTORY INSTRUMENTS

---

**1995 No. 2518**

The Value Added Tax Regulations 1995

PART XIX

BAD DEBT RELIEF (THE NEW SCHEME)

[<sup>F1</sup> **Attribution of payments received under certain credit agreements**

**170A.**—(1) Where—

- (a) the claimant made a supply of goods and, in connection with that supply, a supply of credit;
- (b) those supplies were made under a hire purchase, conditional sale or credit sale agreement; and
- (c) a payment is received in relation to those supplies (other than a payment of an amount upon which interest is not charged),

the payment shall be attributed to each supply in accordance with the rules set out in paragraph (2) below.

(2) The payment shall be attributed—

- (a) as to the amount obtained by multiplying it by the fraction

$\frac{A}{AB}$ ,

to the supply of credit; and

- (b) as to the balance, to the supply of goods,

where—

*A* is the total of the interest on the credit provided under the agreement under which the supplies are made (determined as at the date of the making of the agreement); and

*B* is the total amount payable under the agreement, less any amount upon which interest is not charged.

(3) Where an agreement provides for variation of the rate of interest after the date of the making of the agreement then, for the purposes of the calculation in paragraph (2) above, it shall be assumed that the rate is not varied.]

---

**Textual Amendments**

**F1** Reg. 170A inserted (1.1.2003) by [The Value Added Tax \(Amendment\) \(No. 4\) Regulations 2002 \(S.I. 2002/3027\)](#), regs. 1, 5

**Status:**

Point in time view as at 01/01/2003. This version of this provision has been superseded.

**Changes to legislation:**

There are currently no known outstanding effects for the The Value Added Tax Regulations 1995, Section 170A.