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STATUTORY INSTRUMENTS

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**2000 No. 634**

**VALUE ADDED TAX**

**The Value Added Tax (Amendment) (No. 2) Regulations 2000**

<i>Made</i>	- - - -	<i>9th March 2000</i>
<i>Laid before the House of Commons</i>	- - - -	<i>9th March 2000</i>
<i>Coming into force</i>	- -	<i>1st April 2000</i>

The Commissioners of Customs and Excise, in exercise of the powers conferred on them by section 16(1) of the Value Added Tax Act 1994<sup>(1)</sup> and of all other powers enabling them in that behalf, hereby make the following Regulations:

1. These Regulations may be cited as the Value Added Tax (Amendment) (No. 2) Regulations 2000 and shall come into force on 1st April 2000.

2. The Value Added Tax Regulations 1995<sup>(2)</sup> shall be amended as follows.

3.—(1) The word “and” at the end of regulation 118(e) shall be omitted.

(2) The following shall be inserted immediately before the full stop at the end of regulation 118(f)—

“, and

(g) the Finance Act 1999, sections 126 and 127 (interest on unpaid customs debts and on certain repayments relating to customs duty)”.

4. Regulation 119 shall be substituted as follows—

“**119.** The provision made by or under the following subordinate legislation shall be excepted from applying as mentioned in section 16(1) of the Act—

(a) regulations 16(4) and (5) and 19(1)(b) of the Excise Warehousing (Etc) Regulations 1988 (certain removals from warehouse);

(b) any regulations made under section 197(2)(f) of the Finance Act 1996 (rate of interest on overdue customs duty and on repayments of amounts paid by way of customs duty).”.

5.—(1) The word “and” at the end of regulation 120(2)(a)(v) shall be omitted.

(2) The following shall be added to regulation 120(2)(a)—

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(1) 1994 c. 23; section 96(1) defines “the Commissioners” as meaning the Commissioners of Customs and Excise and “regulations” as meaning regulations made by the Commissioners.

(2) S.I. 1995/2518.

“(vii) Articles 232(1)(b), (2) and (3) (interest on arrears of duty), and  
(viii) Article 241, second and third sentences only (interest on certain repayments by the authorities),”.

6. Regulation 121 shall be substituted as follows—

“**121.**—(1) The provision made by the following enactments shall apply, as mentioned in section 16(1) of the Act, subject to the adaptations prescribed by this regulation.

(2) Section 125(3) of the Customs and Excise Management Act 1979 (valuation of goods) shall have effect as if the reference to the preceding subsections of that section included a reference to section 21 of the Act.

(3) Section 129 of the Finance Act 1999 (recovery of certain amounts by the Commissioners) shall be regarded as providing for the recovery of a repayment of any relevant VAT (import VAT).”.

New King’s Beam House  
9th March 2000

*Martin Brown*  
Commissioner of Customs and Excise

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

1. These Regulations amend, from 1 April 2000, the [Value Added Tax Regulations S.I. 1995 No. 2518](#).

2. The VAT charged on importations of goods from outside the member States is payable as if it were a duty of customs. Therefore relevant customs legislation applies to import VAT unless it is excepted or adapted by regulations (or there is a contrary intention).(3)

3. From 1 April 2000 national customs legislation(4) will–

- (a) enable Customs to recover interest on an unpaid customs debt, and
- (b) require Customs to pay interest if they must repay a person an amount relating to customs duty.

These provisions will not apply to import VAT. Regulations 3, 4 and 5 add them (and their associated Community measures(5)) to the existing lists of customs legislation(6) which is excepted from applying to import VAT.

Regulation 4 also provides continuity for an existing import VAT exception(7) that is currently found in regulation 119 (removal from warehouse).

4. At the same time, new customs rules(8) will permit Customs to recover a repayment of customs duty issued to a person who was not entitled to it. Recovery will not be allowed more than 3 years after the amount was issued (unless Customs give written notice before then). Regulation 6 confirms that these rules will apply to relevant import VAT(9).

Regulation 6 also provides continuity for an existing import VAT adaptation(10) that is currently found in regulation 121 (valuation).

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(3) Sections 1(4) and 16(1) of the Value Added Tax Act 1994 (c. 23).

(4) Sections 126, 127 and 130(3) of the Finance Act 1999 (c. 16). Section 130(3) inserts a new paragraph (f) to section 197(2) of the Finance Act 1996 (c. 8) (amended by the Finance Act 1997 (c. 16)). Also S.I. 2000/632.

(5) Parts of Articles 232 and 241 of Council Regulation (EEC) No. 92/2913 (the Community Customs Code) (O.J. L. 302, 19.10.92, p.1).

(6) S.I. 1995/2518 regulations 118, 119 and 120.

(7) Regulation 119 of S.I. 1995/2518 excepts regulations 16(4) and (5) and 19(1)(b) of the Excise Warehousing (Etc) Regulations S.I. 1988/809. Regulation 4 incorporates this into a new regulation 119(a).

(8) Section 129 of the Finance Act 1999 (c. 16).

(9) It does this by substituting a new regulation 121 in S.I. 1995/2518. Paragraph (3) provides that section 129 of the Finance Act 1999 shall be regarded as applying to any relevant import VAT.

(10) Regulation 121 of S.I. 1995/2518 adapts section 125(3) of the Customs and Excise Management Act 1979 (c. 2). Regulation 6 incorporates this into a new regulation 121(2).