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STATUTORY INSTRUMENTS

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**2003 No. 3220**

**The Value Added Tax (Amendment) (No. 6) Regulations 2003**

**PART 3**

**FLAT-RATE SCHEME FOR SMALL BUSINESSES**

**17.** In regulation 55B(1)(a) (start date), after “notified” omit “in writing”.

**18.—(1)** In regulation 55A(1) (interpretation)—

(a) omit the definitions of “amendment date” and “change date”,

(b) immediately before the definition of “end date” insert—

““EDR” means the day with effect from which a person is registered under the Act;”,

(c) after paragraph (2) insert—

“(3) For the purposes of this Part, “relevant date”, in relation to a flat-rate trader, means any of the following—

(a) his start date;

(b) the first day of the prescribed accounting period current at any anniversary of his start date;

(c) any day on which he first carries on a new business activity;

(d) any day on which he no longer carries on an existing business activity;

(e) any day with effect from which the Table is amended in relation to him;

(f) where regulation 55JB (reduced rate for newly registered period) applies—

(i) the day that his newly registered period begins, and

(ii) the first anniversary of his EDR.”.

(2) In regulation 55D (method of accounting), for “regulations 55J and 55JA”, substitute “regulations 55H and 55JB”.

(3) In regulation 55K (category of business), omit paragraph (2).

(4) For regulation 55N(1) and (2) (notification), substitute—

“(1) Where—

(a) at the first day of the prescribed accounting period current at any anniversary of his start date,

(b) the appropriate percentage to be applied by a flat-rate trader in accordance with regulation 55H(2)(a) for the prescribed accounting period just beginning differs from that applicable to his relevant turnover at the end of the previous prescribed accounting period,

he must notify the Commissioners of that fact within 30 days of the first day of the prescribed accounting period current at the anniversary of his start date.

- (2) Where a flat-rate trader begins to carry on a new business activity or ceases to carry on an existing business activity, he must notify the Commissioners of—
- (a) that fact,
  - (b) the date that is the relevant date described by regulation 55A(3)(c) or (d) (as the case may be), and
  - (c) the appropriate percentage to be applied to the period immediately before that relevant date and immediately after it,
- within 30 days of that relevant date.”.

**19.—**(1) For regulations 55H to 55JA (appropriate percentage), substitute—

“**55H.—**(1) The appropriate percentage to be applied by a flat-rate trader for any prescribed accounting period, or part of a prescribed accounting period (as the case may be), shall be determined in accordance with this regulation and regulations 55JB and 55K.

(2) For any prescribed accounting period—

- (a) beginning with a relevant date, the appropriate percentage shall be that specified in the Table for the category of business that he is expected, at the relevant date, on reasonable grounds, to carry on in that period;
- (b) current at his start date but not beginning with his start date, the appropriate percentage shall be that specified in the Table for the category of business that he is expected, at his start date, on reasonable grounds, to carry on in the remainder of the period;
- (c) not falling within (a) or (b), the appropriate percentage shall be that applicable to his relevant turnover at the end of the previous prescribed accounting period.

(3) Except that, where a relevant date other than his start date occurs on a day other than the first day of a prescribed accounting period, the following rules shall apply for the remainder of that prescribed accounting period—

- (a) for the remaining portion, the appropriate percentage shall be that specified in the Table for the category of business that he is expected, at the relevant date, on reasonable grounds, to carry on in that period;
- (b) “remaining portion” means that part of the prescribed accounting period in which the relevant date occurs—
  - (i) starting with the relevant date, and
  - (ii) ending on the last day of that prescribed accounting period;
- (c) the appropriate percentage specified in sub-paragraph (a) shall be applied to his relevant turnover in the remaining portion described;
- (d) if the rules set out in paragraphs (a) to (c) apply and then another relevant date occurs in the same prescribed accounting period, then—
  - (i) the existing remaining portion ends on the day before the latest relevant date,
  - (ii) another remaining portion begins on the latest relevant date, and
  - (iii) the rules in paragraph (a) to (c) shall be applied again in respect of the latest remaining portion.”

(2) Immediately before regulation 55K, insert—

**“Reduced appropriate percentage for newly registered period**

**55JB.**—(1) This regulation applies where a flat-rate trader’s start date falls within one year of his EDR.

(2) Except that this regulation does not apply where—

(a) the Commissioners received notification of, or otherwise became fully aware of, his liability to be registered more than one year after his EDR, or

(b) his end date or the first anniversary of his EDR falls before 1st January 2004.

(3) At any relevant date on or after 1st January 2004 falling within his newly registered period, the Table shall be read as if each percentage specified in the right-hand column were reduced by one.

(4) A flat-rate trader’s “newly registered period” is the period—

(a) beginning with the later of—

(i) his start date; and

(ii) the day the Commissioners received notification of, or otherwise became fully aware of, his liability to be registered under the Act, and

(b) ending on the day before the first anniversary of his EDR.”.

**20.** In regulation 55K (category of business), for the Table substitute—

**Table**

<i>Category of business</i>	<i>Appropriate percentage</i>
Retailing food, confectionery, tobacco, newspapers or children’s clothing	2
Membership organisation	5.5
Postal and courier services	
Pubs	
Wholesaling food	
Farming or agriculture that is not listed elsewhere	6
Retailing that is not listed elsewhere	
Wholesaling agricultural products	
Retailing pharmaceuticals, medical goods, cosmetics or toiletries	7
Retailing vehicles or fuel	
Sport or recreation	
Wholesaling that is not listed elsewhere	

\* “Labour-only building or construction services” means building or construction services where the value of materials supplied is less than 10 per cent. of relevant turnover from such services; any other building or construction services are “general building or construction services”.

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*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

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<i>Category of business</i>	<i>Appropriate percentage</i>
Agricultural services	7.5
Library, archive, museum or other cultural activity	
Manufacturing food	
Printing	
Repairing vehicles	
General building or construction services *	8.5
Hiring or renting goods	
Manufacturing that is not listed elsewhere	
Manufacturing yarn, textiles or clothing	
Packaging	
Repairing personal or household goods	
Social work	
Forestry or fishing	9
Mining or quarrying	
Transport or storage, including freight, removals and taxis	
Travel agency	
Advertising	9.5
Dealing in waste or scrap	
Hotel or accommodation	
Photography	
Publishing	
Veterinary medicine	
Any other activity not listed elsewhere	10
Investigation or security	

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<i>Category of business</i>	<i>Appropriate percentage</i>
Manufacturing fabricated metal products	
Boarding or care of animals	10.5
Film, radio, television or video production	
Business services that are not listed elsewhere	11
Computer repair services	
Entertainment or journalism	
Estate agency or property management services	
Laundry or dry-cleaning services	
Secretarial services	
Financial services	11.5
Catering services, including restaurants and takeaways	12
Hairdressing or other beauty treatment services	
Real estate activity not listed elsewhere	
Architect, civil and structural engineer or surveyor	12.5
Management consultancy	
Accountancy or book-keeping	13
Computer and IT consultancy or data processing	
Lawyer or legal services	
Labour-only building or construction services*	13.5

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