
STATUTORY INSTRUMENTS

2003 No. 3220

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

PART 3

FLAT-RATE SCHEME FOR SMALL BUSINESSES

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.”.