
STATUTORY INSTRUMENTS

2009 No. 820

The Value Added Tax (Amendment) (No. 2) Regulations 2009

Citation and commencement

4. In regulation 101 (attribution of input tax to taxable supplies)—
- (a) in paragraph (1) for “103B” substitute “103A”,
 - (b) at the beginning of paragraph (2) insert “Subject to paragraph (8) below and regulation 107(1)(g)(ii),”,
 - (c) at the end of paragraph (2)(c) omit “and”,
 - (d) in paragraph (2)(d)—
 - (i) at the beginning, insert “where a taxable person does not have an immediately preceding longer period and subject to subparagraph (e) below,”,
 - (ii) for “input tax on such of those goods or services as are used or to be used by him in making both taxable and exempt supplies” substitute “residual input tax”,
 - (e) after paragraph (2)(d), insert—
 - “(e) the attribution required by subparagraph (d) above may be made on the basis of the extent to which the goods or services are used or to be used by him in making taxable supplies,
 - (f) where a taxable person has an immediately preceding longer period and subject to subparagraph (g) below, his residual input tax shall be attributed to taxable supplies by reference to the percentage recovery rate for that immediately preceding longer period, and
 - (g) the attribution required by subparagraph (f) above may be made using the calculation specified in subparagraph (d) above provided that that calculation is used for all the prescribed accounting periods which fall within any longer period applicable to a taxable person.”,
 - (f) in paragraph (3), after “(2)(d)” insert “or (g)”,
 - (g) after paragraph (3)(c), omit “and”,
 - (h) at the end of paragraph (3)(d), insert “and”,
 - (i) after paragraph (3)(d) insert—
 - “(e) supplies of a description falling within paragraph (8) below.”,
 - (j) in paragraph (4), after “(2)(d)” insert “, (e) or (g)”,
 - (k) in paragraph (5), after “(2)(d)” insert “, (e) or (g)”, and
 - (l) after paragraph (6), insert—
 - “(7) In this regulation “taxable supplies” include supplies of a description falling within regulation 103.
 - (8) Input tax incurred on goods or services acquired by or supplied to a taxable person which are used or to be used by him in whole or in part in making—

- (a) supplies falling within either item 1 or item 6 of Group 5 of Schedule 9 to the Act; or
- (b) supplies made from an establishment situated outside the United Kingdom,

shall, whether the supply in question is made within or outside the United Kingdom, be attributed to taxable supplies on the basis of the extent to which the goods or services are used or to be used by him in making taxable supplies.

(9) For the purposes of this regulation in relation to a taxable person—

- (a) “immediately preceding longer period” means the longer period applicable to him which ends immediately before the longer period in which the prescribed accounting period in respect of which he is making the attribution required by paragraph (2)(d) to (g) above falls;
- (b) “percentage recovery rate” means the amount of relevant residual input tax which he was entitled to attribute to taxable supplies under regulation 107(1) (a) to (d), expressed as a percentage of the total amount of the residual input tax which fell to be so attributed and rounded up in accordance with paragraphs (4) and (5) above;
- (c) “relevant residual input tax” means all residual input tax other than that which falls to be attributed under paragraph (8) above.

(10) In this regulation “residual input tax” means input tax incurred by a taxable person on goods or services which are used or to be used by him in making both taxable and exempt supplies.”.