

**EXPLANATORY MEMORANDUM TO**  
**THE VALUE ADDED TAX (REMOVAL OF GOODS) (AMENDMENT) ORDER 2012**  
**2012 No. 2953**

1. This explanatory memorandum has been prepared by HM Revenue and Customs (“HMRC”) and is laid before the House of Commons by Command of Her Majesty.

**2. Purpose of the instrument**

This instrument amends the Value Added Tax (Removal of Goods) Order 1992 (S.I. 1992/3111) (“the 1992 Order”) so that it fully reflects EU law requirements.

**3. Matters of special interest to the Select Committee on Statutory Instruments**

3.1 None.

**4. Legislative Context**

4.1 This instrument is made under section 5(3) of the Value Added Tax Act 1994.

**5. Territorial Extent and Application**

5.1 This instrument applies to the whole of the United Kingdom.

**6. European Convention on Human Rights**

6.1 As this instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

**7. Policy background**

7.1 Goods that are moved by VAT registered businesses between Member States (“MS”) without their being supplied (for example, goods sent between branches of the same business) are subject to special VAT rules. This is to ensure that the goods are not transferred between MS without VAT being accounted for.

7.2 There are, however, exceptions which relieve certain movements such as where goods are sent to another MS to be worked on or valued.

7.3 When looking at this relief in the context of the implementation of Council Directive 2010/45/EU, HMRC realised that its current law (1) does not properly implement the requirements of the Council Directive 2006/112/EC which restricts the relief to goods that are returned to the MS of dispatch and (2) does not reflect recent changes to the rules governing the place of supply of services which mean that the supply of the work to the goods or their valuation is no longer a supply that is treated as taking place in the MS to which the goods are sent.

7.4 This instrument rectifies these defects and, in addition, removes a redundant relief for goods sent to another MS in order to be made up into other goods as changes in the way in which such goods are treated for VAT purposes mean that a specific relief covering their movement is no longer required.

### *Consolidation*

7.5 There are no projects currently on hand to consolidate the 1992 Order.

## **8. Consultation**

8.1 A Technical Note document was published on 31 May 2012 and a Summary of Responses document will be published on the HMRC website at <http://www.hmrc.gov.uk/consultations>.

## **9. Guidance**

9.1 The changes are already reflected in published guidance.

## **10. Impact**

10.1 A Tax Information and Impact Note covering this instrument has been published on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins.htm>.

## **11. Regulating small business**

11.1 There is unlikely to be any impact on small businesses.

## **12. Monitoring & review**

12.1 As the changes are technical and are likely to have minimal impact no formal monitoring is planned.

## **13. Contact**

Peter Bennet at HMRC Tel: 0207 147 0324 or email: [peter.bennet@hmrc.gsi.gov.uk](mailto:peter.bennet@hmrc.gsi.gov.uk) can answer any queries regarding this instrument.