



HM Revenue
& Customs

VAT: Mini One Stop Shop

Consequential amendments to the VAT
Regulations 1995 (SI 1995/2518)

Consultation document

Publication date: 28 July 2014

Closing date for comments: 26 August 2014

Subject of this consultation:	Amendments to the VAT Regulations arising as a consequence of the introduction of the Mini One Stop Shop (MOSS).
Scope of this consultation:	Technical consultation on the draft legislation; does it achieve its objectives?
Who should read this:	Businesses, or their representatives, that are considering registering for MOSS in the UK or using MOSS to declare UK VAT.
Duration:	28 July 2014 – 26 August 2014
Lead official:	Andy Heywood HM Revenue and Customs.
How to respond or enquire about this consultation:	Responses to this consultation may be e-mailed to Andrew.Heywood@hmrc.gsi.gov.uk Alternatively written responses may be sent to Andy Heywood, VAT Supply Policy Team, Indirect Tax Directorate, 100 Parliament Street, London SW1A 2BQ
Additional ways to be involved:	As this is a technical consultation on relatively minor changes necessary to register businesses for MOSS and apply the normal UK VAT rules to businesses accounting for UK VAT through other member States' MOSS schemes, this will be a purely written exercise.
After the consultation:	All responses received will be reviewed and if necessary the draft legislation will be amended.
Getting to this stage:	The change to the VAT Regulations arises from changes agreed in 2008 at EU level as part of the VAT package to move the place of taxation from the country of the supplier to the Member State of the consumer. The 2015 place of supply change and introduction of MOSS is the final part of that package of changes
Previous engagement:	Discussions have been ongoing at EU level between member States and business regarding the implementation, and in the UK between HMRC and business through working groups. The main UK legislation to introduce MOSS forms part of the 2014 Finance Act and this was formally consulted on following the 2013 Autumn Statement.

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1. Introduction

A number of changes to VAT rules on the place of supply of services were agreed by the EU in 2008 to ensure taxation takes place where services are consumed. The change to the place of supply of telecommunication, broadcasting and electronic services ('digital services') to non-business consumers is the last of those changes, and will take effect on 1 January 2015.

This change will mean that suppliers of digital services are liable to account for VAT in the member States where their customers are located and may become liable to register for VAT in those States. In order to simplify this MOSS is being introduced which will allow businesses to register in just one EU member State and submit a single VAT return and payment each quarter for all their cross border supplies of digital services.

There are two MOSS schemes one for businesses based in the EU and one for businesses based outside the EU. The latter will replace the existing VAT on Electronic Services Scheme (VOES).

The UK's implementation of these changes was announced at Budget 2013, and the main legislation was consulted on following the 2013 Autumn Statement. The primary legislation now forms clauses 103 to 106 of the Finance Act 2014.

2. The amended regulations

This SI amends the VAT Regulations 1995, using powers within the VAT Act 1994 and the powers within Schedule 22 of the Finance Act 2014. It prescribes how businesses must register for the UK MOSS, and applies the normal VAT rules to MOSS users where existing legislation does not already do so.

Regulation 3

Regulation 3 amends the definition of a claim within part VA of the VAT Regulations 1995 to include claims made under paragraph 16l of Schedule 3B and paragraph 29 of Schedule 3BA of the VAT Act 1994 for overpayments of UK VAT declared through MOSS.

The purpose of this is to ensure that claims for repayment of overpaid VAT declared through the MOSS are subject to similar rules as for other VAT repayments where the supplier has agreed to pass on any refund to their customers.

Regulations 4 to 7

These regulations amend the existing provisions for bad debt relief to allow claims for such relief relating to UK supplies made on MOSS returns. They prescribe the manner in which a claim may be made, the records to be kept and how adjustments to any claimed relief are to be made if the customer should eventually make a payment.

Regulation 8

This amends the UK provisions for refunds of UK VAT to EU businesses to include VAT on costs incurred in making supplies of digital services by those using MOSS.

An amendment is not required to the VAT Regulations for non-EU businesses as these provisions already exist within Schedule 3B.

Regulation 9

This introduces two new sections, Part 26 and Part 27, into the VAT Regulations.

Part 26 prescribes that UK MOSS registration requests are to be made to HMRC via the electronic portal and details certain information required as part of that process and a declaration as to the accuracy of the information provided.

Part 27 covers how adjustments to declarations for over payments, changes in consideration, and errors are to be made. Such claims are to be made to the Commissioners and should be made in English.

The MOSS system requires any amendments be made by altering the original declaration within 3 years of the due date of the return. However, the UK allows a period of 4 years from the end of the accounting period for the correction of declarations.

Provisions to allow adjustments for a 4 year period in relation to overpayments of VAT are included within the body of Schedules 3B and 3BA of the VAT Act 1994. Provision is made by Regulation 9 to allow MOSS users to make adjustments for errors or changes in consideration in tax periods between 3 years of the due date of the return and 4 years of the end of the tax period. This will put those choosing to register for MOSS in the same position as those choosing to register in the UK.

Part 27 also ensures that, where the digital services supplier is registered for MOSS in another member State and is also registered under the Act, that supplier must comply with any obligations imposed on him as a taxable person in relation to input tax. This ensures that the right to recover such input tax is accompanied by the normal obligations on a taxable person in relation to that input tax.

The full text of the draft Statutory Instrument and Explanatory Note are reproduced at Annex A.

3. Consultation Questions

1. Do the regulations as drafted achieve their objectives as described in section 3 above?
2. Do the draft regulations produce any unintended consequences?

4. Assessment of Impacts

A Tax Information and Impact Notice (TIIN) for all the elements of the changes arising from the alteration to the place of supply of digital services and the introduction of MOSS was published at Budget 2014 and is available on the GOV.UK website at:

[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264626/7. VAT - place of supply and the introduction of the Mini One-Stop Shop.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264626/7_VAT_-_place_of_supply_and_the_introduction_of_the_Mini_One-Stop_Shop.pdf)

5. The Consultation Process

This consultation is being conducted in line with the Tax Consultation Framework. There are 5 stages to tax policy development:

- Stage 1 Setting out objectives and identifying options.
- Stage 2 Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3 Drafting legislation to effect the proposed change.
- Stage 4 Implementing and monitoring the change.
- Stage 5 Reviewing and evaluating the change.

This consultation is taking place during stage 3 of the process. The purpose of the consultation is to seek views on draft legislation in order to confirm, as far as possible, that it will achieve the intended policy effect with no unintended effects.

How to respond

Responses should be sent by 26 August, by e-mail to andrew.heywood@hmrc.gsi.gov.uk or by post to: Andy Heywood at HMRC, VAT Supply Policy Team, Indirect Tax Directorate, 3rd Floor, 100 Parliament Street, London SW1A 2BQ

Paper copies of this document or copies in Welsh and alternative formats (large print, audio and Braille) may be obtained free of charge from the above address. This document can also be accessed from [HMRC Inside Government](#). All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say if you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Revenue and Customs (HMRC).

HMRC will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Consultation Principles

This consultation is being run in accordance with the Government's Consultation Principles.

The Consultation period has been set at 4 weeks as these regulations impact on a voluntary scheme and apply similar obligations to those choosing to use MOSS as to those who choose, or are obliged to register for VAT in the UK. The main legislation introducing the 2015 place of supply changes and MOSS was subject to a 12 week consultation following the 2013 Autumn Statement.

The Consultation Principles are available on the Cabinet Office website: <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

If you have any comments or complaints about the consultation process please contact:

Oliver Toop, Consultation Coordinator, Budget Team, HM Revenue & Customs, 100 Parliament Street, London, SW1A 2BQ.

Email: hmrc-consultation.co-ordinator@hmrc.gsi.gov.uk

Please do not send responses to the consultation to this address.

Annex A: Draft Statutory Instrument

STATUTORY INSTRUMENTS

2014 No.0000

VALUE ADDED TAX

The Value Added Tax (Amendment)(No.3) Regulations 2014

<i>Made</i>	- - - -	***
<i>Laid before the House of Commons</i>		***
<i>Coming into force</i>	- -	***

The Commissioners for Her Majesty’s Revenue and Customs make the following Regulations in exercise of the power conferred by sections 36(5)(a), (b), (d), (e), (f) and (g), 39, 80(6) and 80A(1) of, paragraphs 4(5)(a) and (b), 7(3), 12(4), 16C(4)(a) and (b), 16J(1), 16(K)(5)(a) and (b), and 16L of Schedule 3B to, and paragraphs 5(5)(a) and (b), 6(2), 10(3)(b), 17(4), 19, 23(4)(a) and (b), 30(1), 31(5)(a) and (b) and 32 of Schedule 3BA to, the Value Added Tax Act 1994(a):

Citation and commencement

1. These Regulations may be cited as the Value Added Tax (Amendment) (No.3) Regulations 2014 and come into force on 1st October 2014.

Amendment of the Value Added Tax Regulations 1995

2. The Value Added Tax Regulations 1995(b) are amended as follows.

3. In regulation 43A (reimbursement arrangements: interpretation of Part VA) for the definition of “claim” substitute—

““claim” means—

- (a) a claim made under section 80 of the Act for credit of an amount accounted for to the Commissioners or assessed by them as output tax which was not output tax due to them; or

(a) 1994 c.23. Section 96(1) of the Act defines “the Commissioners” to mean “the Commissioners of Customs and Excise” and “regulations” as meaning regulations made by the Commissioners under the Act. The functions of the Commissioners of Customs and Excise were transferred to the Commissioners for Revenue and Customs by section 5(2) of the Commissioners for Revenue and Customs Act 2005 (c.11). Section 50(1) of that Act provides that a reference to the Commissioners of Customs and Excise shall be taken as a reference to the Commissioners for Her Majesty’s Revenue and Customs. Section 36(5) was amended by section 23 of the Finance Act 1998 (c.36), section 15 of the Finance Act 1999 (c.16) and section 22(2) and (3) of the Finance Act 2002 (c.23). Section 39 was amended by section 77 of the Finance Act 2009 (c.10) and section 204 of the Finance Act 2012 (c.14). Section 80A was inserted by section 46(2) of the Finance Act 2007 (c.11) and was amended by section 4 of the Finance (No 2) Act 2005 (c. 22). Schedule 3B was inserted by section 23 of and paragraph 1 and 4 of Schedule 2 to the Finance Act 2003 (c.14) and was amended by section 103 of and paragraphs 3 to 10 of Schedule 22 to the Finance Act 2014 (c. *). Schedule 3BA was inserted by section 103 of and paragraph 1 of Schedule 22 to the Finance Act 2014.

(b) S.I. 1995/2518 to which relevant amendments were made by S.I. 1991/371, S.I. 1996/2960, S.I. 1997/1086, S.I. 1998/59, S.I. 1999/3029, S.I. 2002/3027, S.I. 2003/3220, S.I. 2004/3140, S.I. 2005/2231, S.I. 2007/313, S.I. 2009/3241, S.I. 2009/586 and S.I. 2010/2940.

- (b) a claim made under paragraph 16I of Schedule 3B, or paragraph 29 of Schedule 3BA, to the Act (claims which have effect for the purpose of section 80(3) of the Act as if they were section 80 claims),
- and “claimed” and “claimant” shall be construed accordingly.”.

4. —(1) In regulation 165 (bad debt relief: interpretation of Part XIX)—

(a) in the definition of “claim”, after “166” insert “, 166AA”,

(b) after the definition of “claim” insert—

““Implementing Regulation” means Council Implementing Regulation (EU) No 282/2011(a) as amended by Council Regulation (EU) No 967/2012(b);”.

(c) in the definition of “return”, after “25” insert “but “relevant non-UK return” has the meaning given by paragraph 20(3) of Schedule 3BA to the Act and “relevant special scheme return” has the meaning given by paragraph 16(3) of Schedule 3B to the Act;”,

(d) after the definition of “security” insert—

““tax period” has the meaning given by paragraph 23(1) of Schedule 3B, or paragraph 38(1) of Schedule 3BA, to the Act.”.

5. After regulation 166 (bad debt relief: the making of a claim to the Commissioners) insert—

“The making of a claim to the Commissioners: special accounting schemes

166AA.—(1) This regulation applies where the VAT on the relevant supply was accounted for on a relevant non-UK return or a relevant special scheme return.

(2) Where this regulation applies, the claimant must make the claim by—

- (a) amending, in accordance with Article 61 of the Implementing Regulation, that relevant non-UK return or relevant special scheme return; or
- (b) (where the period during which a person is entitled to make such an amendment has expired) notifying the Commissioners of the claim in writing in the English language.”.

6. In regulation 168 (bad debt relief: records to be kept by the claimant) insert—

“(4) Where regulation 166AA applies, “prescribed accounting period” in this regulation is to be read as “tax period”.”.

7. After regulation 171 (bad debt relief: repayment of a refund) insert—

“Repayment of a refund: special accounting schemes

171A.—(1) This regulation applies where—

- (a) a claim is made in accordance with regulation 166AA,
- (b) the claimant has received a refund upon that claim, and
- (c) either—
 - (i) a payment for the relevant supply is subsequently received, or
 - (ii) a payment is, by virtue of regulation 170, treated as attributed to the relevant supply, or
 - (iii) the consideration for any relevant supply upon which the claim is based is reduced after the claim is made.

(2) Where this regulation applies, the claimant must repay to the Commissioners such an amount as equals the amount of the refund, or the balance of the refund, multiplied by a fraction of which the numerator is the amount so received or attributed, and the denominator is the amount of the outstanding consideration, or such an amount as is equal to the reduced amount of VAT that would

(a) OJ No L 77, 23.3.11, p.1.

(b) OJ No L 290, 20.10.12, p.1.

have been charged on the relevant supply if the consideration for the relevant supply had always been the decreased amount.

(3) For the purposes of this regulation, the reference to a payment does not include a reference to a payment received by a person to whom a right to receive it has been assigned (whether by the claimant or any other person) unless the person to whom that right has been assigned is connected to the claimant.

(4) Any question for the purpose of paragraph (3) as to whether any person is connected to the claimant shall be determined in accordance with section 1122 of the Corporation Tax Act 2010(a).

Timing and method of making repayment

171B.—(1) A repayment required by regulation 171A(2) must be made no later than twenty days after the end of the tax period in which the payment for the relevant supply is received or the reduction in consideration is accounted for in the person's business accounts.

(2) It must be made by—

- (a) amending (in accordance with Article 61 of the Implementing Regulation) the relevant non-UK return or the relevant special scheme return for the tax period in which the VAT on the relevant supply was brought into account, or
- (b) (where the period during which a person is entitled to make such an amendment has expired) sending the sum due to the Commissioners.

Further repayment obligations: special accounting schemes

171C.—(1) Where a claim is made in accordance with regulation 166AA and the claimant fails to comply with the requirements of regulation 167, 168, 169 or 170, the claimant must repay to the Commissioners the amount of the refund obtained by the claim to which the failure to comply relates.

(2) A repayment required by paragraph (1) must be made no later than twenty days after the end of the tax period in which the failure to comply first occurred.

(3) It must be made by—

- (a) amending (in accordance with Article 61 of the Implementing Regulation) the relevant non-UK return or the relevant special scheme return for the tax period in which the VAT on the relevant supply was brought into account, or
- (b) (where the period during which a person is entitled to make such an amendment has expired) sending the sum due to the Commissioners.”.

8. — (1) In paragraph (1) of regulation 173 (repayments to Community traders: interpretation of Part XX)—

(a) after the definition of “claimant's member State” insert—

““non-UK return” has the meaning given by paragraph 38(1) of Schedule 3BA to the Act;”, and

(b) after the definition of “repayment year” insert—

““scheme services” has the meaning given by paragraph 2 of Schedule 3BA to the Act.”.

(2) In—

paragraph (2)(c) of regulation 173B (repayments to Community traders: repayments of VAT); and paragraph (2) of regulation 173L (repayments to Community traders: contents of a repayment application),

for “or (iii)” substitute “, (iii) or (iv)”.

(3) In regulation 173E (repayments to Community traders: persons to whom this Part applies) after paragraph (b)(iii) insert—

“(iv) scheme services supplied by a person who—

- (a) is required to account for the VAT on those supplies on a non-UK return; and
- (b) is not a registered person.”.

(a) 2010, c.4.

9. After Part XXV (distress and diligence) insert—

“PART 26

UK UNION AND NON-UNION SPECIAL ACCOUNTING SCHEMES: REGISTRATION AND RETURNS

Interpretation

214.—(1) In this Part—

“applicant” means a person making a registration request under paragraph 4 of Schedule 3B or paragraph 5 of Schedule 3BA to the Act;

“Implementing Regulation” has the meaning given by paragraph 23(1) of Schedule 3B, or paragraph 38(1) of Schedule 3BA, to the Act;

“non-UK special scheme” has the meaning given by paragraph 14(1) of Schedule 3BA to the Act;

“principal VAT Directive” means Council Directive 2006/112/EC(a).

(2) A reference in this Part to Article 362 of the principal VAT Directive is a reference to that Article—

(a) in the principal VAT Directive, and

(b) in the principal VAT Directive as substituted by Article 5(11) of Council Directive 2008/8/EC.

Registration requests: Non-Union scheme

215. A registration request under paragraph 4 of Schedule 3B to the Act must contain the following information—

(a) the details of a bank account into which the applicant agrees the Commissioners may make any payments they are required to make to the applicant by any provision of Schedule 3B to the Act or of the Implementing Regulation;

(b) any VAT identification number previously allocated to the applicant by any member State under Article 362 or Article 369d of the principal VAT Directive(b), and the name of that member State.

Registration requests: Union scheme

216. A registration request under paragraph 5 of Schedule 3BA to the Act must contain the following information—

(a) the details of a bank account into which the applicant agrees the Commissioners may make any payments they are required to make to the applicant by any provision of the Implementing Regulation;

(b) any VAT identification number previously allocated to the applicant by any member State under any of Articles 214, 239, 362 or 369d of the principal VAT Directive(c), and the name of that member State;

(c) where the applicant has previously been identified under a non-UK special scheme, the date the applicant ceased to be so identified;

(a) OJ L No 347, 11.12.06, p1. Sections 1 and 2 of Chapter 6 of Title XII are amended by Article 5(6) to (14) of Council Directive 2008/08/EC amending Directive 2006/112/EC as regards the place of supply of services, OJ L No 44, 20.2.08, p.11. Section 3 of Chapter 6 of Title XII is inserted by Article 5(15) of that Directive. Both amendments take effect from 1st January 2015. However, Article 2 of Council Regulation (EU) No 967/2012, OJ L No 290, 20.10.12, p1, requires member States to allow persons to make registration requests in respect of both Union and Non-Union schemes with effect from 1st October 2014.

(b) Article 369d is inserted by Article 5(15) of Council Directive 2008/08/EC with effect from 1st January 2015.

(c) Article 362 is substituted by Article 5(11) of Council Directive 2008/08/EC with effect from 1st January 2015.

- (d) whether the applicant is treated as a member of a group under any of sections 43A to 43D of the Act; and
- (e) the name of any member States in which the applicant has a fixed establishment, and the address of each such fixed establishment.

Registration requests: declaration

217. A registration request under paragraph 4 of Schedule 3B or paragraph 5 of Schedule 3BA to the Act must also contain a declaration by the applicant that the information the applicant has provided in the registration request is accurate and complete to the best of the applicant's knowledge.

Communications with the Commissioners

218. The following communications must be made by using the electronic portal set up by the Commissioners for the purpose of implementing Section 2 and 3 of Chapter 6 of Title XII to the principal VAT Directive —

- (a) a registration request under paragraph 4 of Schedule 3B or paragraph 5 of Schedule 3BA to the Act;
- (b) the information required by paragraph 7 of Schedule 3B or paragraph 6 of Schedule 3BA to the Act;
- (c) a return required under paragraph 12 of Schedule 3B or paragraph 9 of Schedule 3BA to the Act.

PART 27

NON-UK UNION AND NON-UNION SPECIAL ACCOUNTING SCHEMES:
ADJUSTMENTS, CLAIMS AND ERROR CORRECTION

219. In this Part, “tax period” has the meaning given by paragraph 23(1) of Schedule 3B, or paragraph 38(1) of Schedule 3BA, to the Act.

Correction of errors on non-UK and special scheme returns more than 3 years after the date the original return was required to be made

220.—(1) In this regulation “notice” means a notice given under paragraph 16C(3) of Schedule 3B or paragraph 23(3) of Schedule 3BA to the Act.

- (2) A person giving a notice (P) must do so—
 - (a) no later than 4 years after the end of the tax period in respect of which the return identified in the notice was required to be made; and
 - (b) in writing in the English language.
- (3) P must also provide such documentary evidence in support of the notice as P possesses.

Claims in respect of overpaid VAT

221.—(1) A person making a claim under paragraph 16I(1) of Schedule 3B, or paragraph 29(1) of Schedule 3BA, to the Act must provide to the Commissioners at the time of making the claim a statement in writing in the English language explaining how the claim is calculated.

- (2) A person making a claim under any other provision of paragraph 16I of Schedule 3B, or paragraph 29 of Schedule 3BA, to the Act must—
 - (i) make that claim to the Commissioners; and
 - (ii) provide to the Commissioners at the time of making the claim a statement in writing in the English language explaining how the claim is calculated.

Increases or decreases in consideration occurring more than 3 years after the end of the affected tax period

222.—(1) A claim or other notice made under paragraph 16K(2)(b) of Schedule 3B or paragraph 31(2)(b) of Schedule 3BA to the Act must be made in writing in the English language.

(2) A person making a payment—

- (a) under paragraph 16K(3) of Schedule 3B to the Act in a case falling within paragraph 16K(2)(b) of that Schedule; or
- (b) under paragraph 31(3) of Schedule 3BA to the Act in a case falling within paragraph 31(2)(b) of that Schedule,

must do so no later than twenty days after the end of the tax period in which the increase in consideration is accounted for in the person’s business accounts.

Scheme participants who are also taxable persons: disapplication of paragraph 17(1)

223.—(1) Paragraph 17(1) of Schedule 3BA to the Act is not to apply in the case of an input tax obligation.

(2) In this regulation “input tax obligation” means an obligation imposed on a taxable person relating to a claim to deduction under section 25(2) of the Act or to payment of a VAT credit.”

Date Name Name
Name Name
Two of the Commissioners for Her Majesty’s Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 1st October 2014, amend the Value Added Tax Regulations 1995 (S.I. 1995/2518) (“the Principal Regulations”).

Council Directive 2006/112/EC(a) (“the Principal VAT Directive”) establishes a common system of value added tax applicable throughout the European Union. Council Directive 2008/08/EU(b) (“the 2008 Directive”) amended Chapter 6 of the Principal VAT Directive (the special scheme for non-established taxable persons supplying electronic services to non-taxable persons; “the Non-Union Scheme”). The main change was to extend the Non-Union Scheme to include supplies of telecommunications services and radio and television broadcasting services. The 2008 Directive also inserted a new Section 3 of Chapter 6 into the Principal VAT Directive to create the special scheme for telecommunications, broadcasting or electronic services supplied by taxable persons established within the Community but not in the member State of consumption (“the Union Scheme”).

As a result of these amendments, changes are made to the Principal Regulations to prescribe the form and manner of making registration applications and communicating other information to the Commissioners in relation to the Union and Non-Union schemes. The changes also prescribe how certain adjustments are to be made, require certain repayments of relief to be made, ensure that a person using the Union Scheme in another member State can recover VAT incurred in the United Kingdom and make other consequential changes.

(a) OJ No L 347, 11.12.06, p1.
(b) OJ L No 44, 20.2.08, p.11.

Regulation 3 amends the definition of “claim” in Part 5A (reimbursement arrangements) of the Principal Regulations.

Regulations 4 to 7 amend Part 19 (bad debt relief) of the Principal Regulations.

Regulation 5 inserts a new regulation 166AA into the Principal Regulations to prescribe the manner of making a claim under section 36 of the Value Added Tax Act 1994 (c. 23) (“the Act”) where the VAT on the relevant supply has been accounted for by a person using the Union Scheme in another member State or by a person using the Non-Union Scheme (whether in the United Kingdom or in another member State).

Regulation 6 amends regulation 168 (records to be kept by claimant) to provide that the reference to “prescribed accounting period” in that regulation is to be read as “tax period” where new regulation 166AA applies.

Regulation 7 inserts new regulations 171A, 171B and 171C. Regulation 171A requires a repayment of bad debt relief in prescribed circumstances and regulation 171B prescribes the timing and method of making such a repayment. Regulation 171C requires a repayment of bad debt relief where the claimant has failed to comply with certain regulations in Part 19 and prescribes the timing and method of making such a repayment.

Regulation 8 amends Part 20 (repayment to Community traders) to permit a person who uses a Union Scheme in another member State and who is not registered for VAT in the United Kingdom to make a claim to repayment under Part 20.

Regulation 9 inserts a new Part 26 and a new Part 27 into the Principal Regulations. Part 26 prescribes how registration requests are to be made to the Commissioners under both the Union and Non-Union Scheme (including the requirement to make a declaration in relation to information in a registration request). Part 26 also prescribes how certain communications are to be made to the Commissioners. Part 27 prescribes how certain errors are to be corrected and how certain claims are to be made in relation to UK VAT on returns made by those using a Union Scheme in another member State or by those using the Non-Union scheme (whether in the United Kingdom or in another member State). Part 27 also disapplies paragraph 17(1) of Schedule 3BA to the Act (scheme participants who are also registered under the Act not to be subject to obligations in relation to relevant supplies) in relation to an input tax obligation.

A Tax Information and Impact Note covering this instrument was published at Autumn Statement 2013 and is available on the HMRC website at HM Revenue & Customs: Tax Information and Impact Notes (TIINs). It remains an accurate summary of the impacts that apply to this instrument.

A transposition note setting out how the Government has implemented the main provisions of the 2008 Directive which take effect from 1st January 2015 is also published on the HMRC website.

Annex B: Other relevant legislation

1. Finance Bill 2014 clause 97 - 100 and Schedule 18

http://www.publications.parliament.uk/pa/bills/cbill/2014-2015/0010/cbill_2014-20150010_en_1.htm

2. Draft Place of Supply of Services Order

Can be found toward the bottom (pages 39-40) of the PDF document at

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264626/7_VAT_-_place_of_supply_and_the_introduction_of_the_Mini_One-Stop_Shop.pdf

3. EU legislation and links

Council Directive 2006/112/EC

Council Directive 2008/8/EC Article 5

Council Regulation (EU) 904/2010 Article 17 and Articles 43 to 47 inclusive

Council Implementing (EU) Regulation 282/2011 Article 58 to 63 inclusive

Council Regulation (EU) 967/2012

Council Implementing Regulation (EU) 1042/2013

Commission Implementing (EU) Regulation 815/2012

Available at: <http://eur-lex.europa.eu/homepage.html>

