

## New Clause 19: Continuing effect of principle preventing abuse of the VAT system

### Summary

1. This clause provides that the principle preventing the abuse of the VAT system can continue to be relied upon in determining VAT matters.

### Details of the clause

2. Subsection 1 introduces a new subsection (4A) into section 42 of the Taxation (Cross-border Trade) Act 2018 (TCTA).
3. New subsection (4A) provides that the principle of abuse may continue to be relied upon in relation to VAT, including in determining the effect of legislation.
4. Subsection 2 deems that section 42, which came into force on IP completion day, has always had effect with the amendment at subsection (1).

### Background note

5. Section 42(3) of TCTA confirms that the European Union (Withdrawal) Act 2018 (EUWA) contains provision relevant to VAT, including provision as to the interpretation of retained EU law. Section 42(4) of EUWA says that the principle preventing abuse of the VAT system continues to be relevant for VAT purposes.