

## New Clause 20: VAT on supply of imported works of art etc

### Summary

1. This new clause amends the Value Added Tax Act 1994 (VATA) to provide for a reduced valuation for supplies of imported works of art, antiques and collectors' items, sent in consignments valued at no more than £135.

### Details of the clause

2. Subsection 1 inserts new paragraph 11A into Schedule 6 to VATA.
3. New paragraph 11A provides that for goods that fall with section 21(5) of VATA and are treated as supplied in the United Kingdom as a result of section 7(5B) of VATA, the valuation shall be 25% of the value that would otherwise apply. It also extends the scope of section 2(2) of VATA, so that an order made under that section may also alter the percentage in new paragraph 11A(2).
4. Subsection 2 provides that the amendments made by the clause have effect for supplies made on or after IP completion day.

### Background note

5. This clause is intended to address an unintended consequence of an amendment made to the place of supply of goods rules in section 7 of VATA by Schedule 3 to the Taxation (Post-transition Period) Act 2020.
6. New section 7(5B) of VATA was introduced and provides that the place of supply of certain imported goods sent in consignments valued at no more than £135, that would otherwise be outside the United Kingdom, is the United Kingdom.
7. Section 21(4) of VATA provides for a reduced valuation to apply for imported works of art etc. which results in an effective reduced rate of VAT of 5%. Imported goods which fall within section 7(5B) of VATA are treated as supplied in the UK, therefore section 21(4) of VATA cannot apply.
8. The clause introduces a reduced valuation provision for supplies of works of art etc. that fall within section 7(5B) of VATA to ensure that imports of works of art etc. sent in consignments valued at no more than £135 can continue to benefit from the effective reduced rate.