

2016 No. 1234

VALUE ADDED TAX

**The Value Added Tax (Place of Supply of Services: Exceptions
Relating to Supplies Made to Relevant Business Person) Order
2016**

<i>Made</i> - - - -	***
<i>Laid before Parliament</i>	***
<i>Coming into force</i> - -	***

The Treasury, in exercise of the powers conferred by section 7A(6) of the Value Added Tax Act 1994(a), make the following Order:

1.—(1) This Order may be cited as the Value Added Tax (Place of Supply of Services: Exceptions Relating to Supplies Made to Relevant Business Person) Order 2016.

(2) This Order comes into force on xxx and has effect in relation to supplies made on or after that date.

2. In Part 2 of Schedule 4A(b) to the Value Added Tax Act 1994 (place of supply of services: exceptions relating to supplies made to relevant business person), after paragraph 9C insert—

“Repair services: contracts of insurance

9D.—(1) This paragraph applies to a supply to a relevant business person of services consisting of the repair of tangible moveable property pursuant to a claim made under a contract of insurance.

(2) Where—

- (a) a supply of services to which this paragraph applies would otherwise be treated as made in the United Kingdom, and
 - (b) the services are effectively used and enjoyed outside the territories of the member States,
- the supply is to be treated as made where it is used and enjoyed.

(3) Where—

- (a) a supply of services to which this paragraph applies would otherwise be treated as made outside the territories of the member States, and
 - (b) the services are effectively used and enjoyed in the United Kingdom,
- the supply is to be treated as made in the United Kingdom.”.

(a) 1994 c.23; section 7A was inserted by section 76 of, and paragraphs 1 and 4 of Part 1 of Schedule 36 to, the Finance Act 2009 (c.10).

(b) Schedule 4A was inserted by section 76 of, and paragraphs 1 and 11 of Schedule 36 to, the Finance Act 2009 (c.10). Part 2 of Schedule 4A was amended by section 76 of, and paragraphs 1 and 15 of Part 2 of Schedule 36 to, the Finance Act 2009 (c.10) and S.I. 2012/2787.

T. Lord

T. Lord

Date

Two Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which has effect in relation to supplies made on or after xxxx 2016 amends Part 2 (exceptions relating to supplies made to relevant business person) (“Part 2”) of Schedule 4A (place of supply of services: special rules) (“Schedule 4A”) to the Value Added Tax Act 1994 (“the Act”).

Schedule 7A(2) of the Act specifies the general rules for determining the place of supply of services for the purposes of UK value added tax. The rules in that subsection are expressly subject to Schedule 4A. Part 2 of that Schedule provides for exceptions to the rule applicable to supplies of services to a relevant business person.

Article 2 inserts a new paragraph, 9D, into Part 2 which applies to the supply of services to a relevant business person consisting of the repair of tangible moveable property pursuant to a claim made under a contract of insurance. If those services, on the application of the usual rules, would be treated as being made in the UK but are effectively used and enjoyed outside the territories of the member States or would be treated as being made outside the territories of the member States but are effectively used and enjoyed in the UK, the services will be treated as being made where they are used and enjoyed.

A Tax Information and Impact Note covering this instrument will be published on the government website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.