

1 Repayment interest: VAT

- (1) Schedule 1 contains amendments of FA 2009 relating to repayment interest and VAT.
- (2) Schedule 1 comes into force on such day as the Treasury may by regulations appoint.
- (3) Regulations under subsection (2) –
 - (a) may commence a provision generally or for specified purposes, and
 - (b) may appoint different days for different provisions or for different purposes.
- (4) The Treasury may by regulations make any incidental, supplemental, consequential, transitional, transitory or saving provision which may appear appropriate in consequence of, or otherwise in connection with, Schedule 1.
- (5) Regulations under subsection (4) may include provision amending, repealing or revoking any provision of an Act or subordinate legislation whenever passed or made (including this Act and any Act amended by it).
- (6) Regulations under subsection (4) may make different provision for different purposes.
- (7) Regulations under this section are to be made by statutory instrument.
- (8) A statutory instrument containing regulations under subsection (4) which includes provision amending or repealing any provision of an Act is subject to annulment in pursuance of a resolution of the House of Commons.

SCHEDULE 1

Section 1

REPAYMENT INTEREST: VAT

- 1 FA 2009 is amended as follows.
- 2 In section 102(4) (repayment interest on sums to be paid by HMRC) –
 - (a) omit the “and” at the end of paragraph (a);
 - (b) after paragraph (a) insert –
 - “(aa) Part 2A makes special provision as to the period for which an amount of VAT credit carries interest, and”.
- 3 (1) Schedule 54 (repayment interest) is amended as follows.
 - (2) In Part 2, after paragraph 12B insert –

“VAT payments on account

 - 12C (1) This paragraph applies in the case of a repayment of the amount by which –
 - (a) the total amount of payments on account made in respect of a prescribed accounting period, exceeds
 - (b) the amount of VAT payable in respect of that accounting period.
 - (2) The repayment interest start date is the date on which the return for the prescribed accounting period is due.
 - (3) In this paragraph –

“payment on account” means a payment on account required under section 28 of VATA 1994;

“prescribed accounting period” has the same meaning as in VATA 1994.”
 - (3) After Part 2 insert –

“PART 2A

VAT: SPECIAL PROVISION AS TO PERIOD FOR WHICH AMOUNT CARRIES INTEREST

- 12D In this Part of this Schedule –
 - “prescribed accounting period” has the same meaning as in VATA 1994;
 - “relevant VAT return” means the VAT return for the prescribed accounting period to which the VAT credit relates;
 - “VAT credit” has the same meaning as in VATA 1994;
 - “VAT return” means a return required to be made by regulations under VATA 1994.

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- 12E (1) An amount of VAT credit does not carry interest for any period referable to—
- (a) the raising and answering of any reasonable inquiry relating to the relevant VAT return, or
 - (b) the correction by HMRC of any errors or omissions in the relevant VAT return.
- (2) The period referred to in sub-paragraph (1)(a)—
- (a) begins on the date when HMRC first consider it necessary to make such an inquiry, and
 - (b) ends on the date when HMRC receive a complete answer to their inquiry or decide not to make, or not to pursue, the inquiry.
- (3) The period referred to in sub-paragraph (1)(b)—
- (a) begins on the date when the error or omission first comes to the attention of HMRC, and
 - (b) ends on the date when the error or omission is corrected.
- 12F (1) An amount of VAT credit does not carry interest for any period during which—
- (a) a VAT return required to be made on or before the date on which the relevant VAT return is made has not been made, or
 - (b) there is a failure to comply with a requirement imposed under paragraph 4(1) or (1A) of Schedule 11 to VATA 1994 (production of evidence and giving of security).
- (2) The period referred to in sub-paragraph (1)(b)—
- (a) begins on the date when written notice requiring production of evidence or the giving of security is given by HMRC, and
 - (b) ends on the date when HMRC receive the required evidence or the required security.”