



VALUE ADDED TAX ACT 1996

**VALUE ADDED TAX (AMENDMENT)
(No. 2) REGULATIONS 2000**

Laid before Tynwald

16 May 2000

Coming into operation

1 April 2000

In exercise of the powers conferred on the Treasury by sections 16 and 78 of the Value Added Tax Act 1996^(a), and section 197 of the Finance Act 1996^(b) and of all other powers enabling it in that behalf, the following Regulations are hereby made:-

Citation and commencement

1. These Regulations may be cited as the Value Added Tax (Amendment) (No. 2) Regulations 2000 and shall be deemed to have come into operation on 1st April 2000.

Amendment

2. The Value Added Tax Regulations 1996^(c) shall be amended as follows.

3. (1) Omit the word "and" at the end of regulation 118(e).

(2) In regulation 118(f) omit the full stop and add -

“, and”.

(3) Following regulation 118(f) add -

“(g) the Finance Act 1999, sections 126 and 127 (interest on unpaid customs debts and on certain repayments relating to customs duty)^(d)”.

4. For regulation 119 substitute -

^(a) 1996 c.1.

^(b) 1996 c.8 (of Parliament), applied to the Island by S.D. No. 493/96.

^(c) S.D. No. 194/96.

^(d) 1999 c.16 (of Parliament), applied in the Island by S.D. No. 507/99.

“119. The provision made by or under the following subordinate legislation shall be excepted from applying as mentioned in section 16 of the Act -

- (a) regulations 16(4) and (5) and 19(1)(b) of the Excise Warehousing (Etc) Regulations 1988^(e) (certain removals from warehouse);
- (b) any regulations made under section 197(2)(f) of the Finance Act 1996^(f) (rate of interest on overdue customs duty and on repayments of amounts paid by way of customs duty).”.

5. (1) Omit the word “and” at the end of regulation 120(2)(a)(v).

(2) The following shall be added to regulation 120(2)(a) -

“(vii) Articles 232(1)(b), (2) and (3) (interest on arrears of duty), and

(viii) Article 241, second and third sentences only (interest on certain repayments by the authorities),”.

6. For regulation 121 substitute -

“121. (1) The provision made by the following enactments shall apply, as mentioned in section 16 of the Act, subject to the adaptations prescribed by this regulation.

(2) Section 131(3) of the Customs and Excise Management Act 1986 (valuation of goods) shall have effect as if the reference to the preceding subsections of that section included a reference to section 21 of the Act.

(3) Section 129 of the Finance Act 1999 (recovery of certain amounts by the Treasury) shall be regarded as providing for the recovery of a repayment of any relevant VAT (import VAT).”.

Amendment of the Value Added Tax (Interest Rate) Order 1998

7. In article 2(2)(d) of the Value Added Tax (Interest Rate) Order 1998^(g) -

(a) for “Lloyds Bank plc” substitute “Lloyds-TSB Bank plc”, and

(b) for “Midland Bank plc” substitute “HSBC Bank plc”.

Made this

Sen day of

April

2000



Minister for the Treasury

^(e) G.C. No. 172/88.

^(f) 1996 c.8 (of Parliament), applied in the Island by S.D. No. 446/96.

^(g) S.D. No. 529/98.

EXPLANATORY NOTE

(This note is not part of the Regulations)

1. These Regulations amend, from 1 April 2000, the Value Added Tax Regulations 1996.
2. The VAT charged on importations of goods from outside the member States is payable as if it were a duty of customs. Therefore relevant customs legislation applies to import VAT unless it is excepted or adapted by regulations (or there is a contrary intention)^(h).
3. From 1st April 2000 customs legislation will -
 - (a) enable the Treasury to recover interest on an unpaid customs debt, and
 - (b) require the Treasury to pay interest if they must repay a person an amount relating to customs duty.

These provisions will not apply to import VAT. Regulations 3, 4 and 5 add them (and their associated Community measures⁽ⁱ⁾) to the existing lists of customs legislation^(j) which is excepted from applying to import VAT.

Regulation 4 also provides continuity for an existing import VAT exception^(k) that is currently found in regulation 119 (removal from warehouse).

4. At the same time, new customs rules^(l) will permit the Treasury to recover a repayment of customs duty issued to a person who was not entitled to it. Recovery will not be allowed more than 3 years after the amount was issued (unless the Treasury give written notice before then). Regulation 6 confirms that these rules will apply to relevant import VAT^(m).

Regulation 6 also provides continuity for an existing import VAT adaptation⁽ⁿ⁾ that is currently found in regulation 121 (valuation).

5. Regulation 7 makes a minor amendment to the Value Added Tax (Interest Rate) Order 1998^(o), (which provides for a formula to establish the rate of interest payable in respect of VAT by the Treasury in cases of official error). The amendment reflects the change of names of two of the UK clearing banks specified in article 2(2) of the Order.

^(h) Sections 1 and 16 of the Value Added Tax Act 1996.

⁽ⁱ⁾ Parts of Articles 232 and 241 of Council Regulation (EEC) No. 92/2913 (the Community Customs Code) (O.J. L.302, 19.10.92, p.1).

^(j) Regulations 118, 119 and 120 of the Value Added Tax Regulations 1996.

^(k) Regulation 119 excepts regulations 16(4) and (5) and 19(1)(b) of the Excise Warehousing (Etc) Regulations 1988. Regulation 4 incorporates this into a new regulation 119(a).

^(l) Section 129 of the Finance Act 1999, as it has effect in the Island.

^(m) It does this by substituting a new regulation 121 in the Value Added Tax Regulations 1996. Paragraph (3) provides that section 129 of the Finance Act 1999 shall be regarded as applying to any relevant import VAT.

⁽ⁿ⁾ Regulation 121 of the Value Added Tax Regulations 1996 adapts section 131(3) of the Customs and Excise Management Act 1986. Regulation 6 incorporates this into a new regulation 121(2).

^(o) S.D. No. 529/98.