



VALUE ADDED TAX (AMENDMENT) (NO. 2) REGULATIONS 2021

Index

Regulation	Page
1 Title	3
2 Commencement	3
3 Amendment of the Value Added Tax Regulations 1996.....	3

Statutory Document No. 2021/0261



Value Added Tax Act 1996
Taxation (Cross-border Trade) Act 2018

VALUE ADDED TAX (AMENDMENT) (NO. 2) REGULATIONS 2021

Laid before Tynwald:
Coming into Operation in accordance with Article 2

The Treasury makes the following Regulations under sections 3(4), 6(14), 16(3), 18B, 18D, 18F, 24, 25(1)(b), 26, 26A, 30, 37, 38, 39, 54(1) and (6)(a) and (b), and 95 of, and paragraphs 2(1), (3A), (3B), (5A), (8), (10), (11), and (12), 2A, 5(4) and 8(1) and (2) of Schedule 12 to, the of the Value Added Tax Act 1996 and sections 51(1)(a), and 52(5) of the Taxation (Cross-border Trade) Act¹, as it has effect in the Island.

1 Title

These Regulations are the Value Added Tax (Amendment) (No. 2) Regulations 2021.

2 Commencement

These Regulations come into operation when they are made².

3 Amendment of the Value Added Tax Regulations 1996

- (1) The Value Added Tax Regulations 1996³ are amended as follows.
- (2) In regulation 2 (interpretation – general) –
 - (a) the existing text becomes paragraph (1);
 - (b) in the definition of “alphabetical code⁴” –

¹ The Taxation (Cross-border Trade) Act 2018 was applied to the Island by SD 2019/0080, as amended. Section 51 of that Act was applied to the Island (with modifications) by SD 2021/0172.

² Section 95(1) of the Value Added Tax Act 1996 provides that, except as referred to in section 95(3), a public document made by the Treasury under that Act shall be laid before Tynwald as soon as practicable after it is made, and if Tynwald at the sitting at which such public document is laid or at the next following sitting resolves that the public document shall be annulled, the public document shall thereupon cease to have effect.

³ SD 194/96.

⁴ Definition of “alphabetical code” substituted by SD 324/04.

- (i) for “member state” substitute **“relevant territory”**;
- (ii) in the entry for United Kingdom, for “GB” substitute **“XI”**;
- (c) omit the definition of “datapost packet”;
- (d) in the definition of “fiscal or other warehousing regime” at the end insert, **“and “Northern Ireland fiscal or other Northern Ireland warehousing regime” means “Northern Ireland fiscal warehousing regime or Northern Ireland warehousing regime”**;
- (e) after that definition insert —
 - “identified for the purpose of VAT in Northern Ireland”** has the meaning given by paragraph 7 of Schedule 9ZA to the U.K. Act;
 - “Northern Ireland fiscal warehouse”** and **“Northern Ireland fiscal warehousing regime”** have the meanings given by sub-paragraphs (1) and (2) respectively of paragraph 25 (supplementary provision) of Schedule 9ZB to the U.K. Act;
 - “Northern Ireland warehouse”** and **“Northern Ireland warehousing regime”** have the meanings given by sub-paragraphs (11) and (12) respectively of paragraph 16 (place and time of supply: Northern Ireland warehouses) of Schedule 9ZB⁵ to the U.K. Act.
- (f) in the definition of “registered person”, for “, 3, 3A or 4”, substitute **“, 3A or 9ZB”**;
- (g) after the definition of “registration number” insert —
 - “relevant territory”** means, except where otherwise provided, a member State, the Isle of Man or the United Kingdom”; and
- (h) after paragraph (1) insert —
 - (2)** A reference in these Regulations to “another member State” is to be read as a reference to “a member State”, and “other member State” and “other member States” are to be interpreted accordingly.
- (3) In regulation 5 (registration and notification) —
 - (a) in paragraph (3), omit sub-paragraph (d);
 - (b) in paragraph (4), omit sub-paragraph (d);
 - (c) in paragraph (5) —
 - (i) in sub-paragraph (e) for “paragraph 9 of that Schedule” substitute **“paragraph 9 of that Schedule; or”**;
 - (ii) after subparagraph (e) insert —

⁵ Schedule 9ZB was inserted by SD 2021/0150.

- (f) where paragraph 6(1) of Schedule 9ZB to the Act applies, the date on which the person ceased to be registrable under the Act; or
- (g) where paragraph 6(2) of Schedule 9ZB to the Act applies, the date on which the person made or facilitated a relevant supply within that paragraph. **22**; and
- (d) in paragraph (6), omit sub-paragraph (iv).
- (4) In regulation 13 (obligation to provide an VAT invoice) –
- (a) for paragraph (1) substitute –
- 22**(1) Save as otherwise provided in these Regulations, where a registered person (P) makes taxable supplies in the Island or United Kingdom to a taxable person, P must, unless paragraph (1ZA) applies, provide that taxable person with a VAT invoice. **22**;
- (b) after that paragraph insert –
- 22**(1ZA) This paragraph applies where P, in relation to the description of supply mentioned in paragraph (1), is entitled to issue and issues a VAT invoice pursuant to section 18C(1)(d) of the Act and regulation 145D(1) in relation to the supply by P of specified services performed on or in relation to goods while those goods are subject to a fiscal or other warehousing regime, or to a Northern Ireland fiscal or other Northern Ireland warehousing regime. **22**;
- (c) omit paragraphs (1A) and (1B);
- (d) before paragraph (2), insert –
- 22**(1C) Save as otherwise provided in these Regulations, where a registered person makes a taxable supply of goods to a person who is not a taxable person, if –
- (a) that supply is deemed to be a supply by an operator of an online marketplace by virtue of section 5A⁶ of the Act; or
- (b) the place of supply of those goods is determined by section 7(5B)⁷ of the Act,
- the registered person must provide the other person with a VAT invoice. **22**;
- (e) in paragraph (3A)(b), omit “or (2)”;
- (f) for paragraph (3E), substitute –

⁶ Section 5A of the Act was inserted by SD 2021/0150.

⁷ Section 7(5B) of the Act was inserted by SD 2021/0150.

- 34**(3E) Where a customer (C) in a member State provides a document to C in respect of a supply of goods to C by a registered person who is identified for the purposes of VAT in Northern Ireland, that document is to be treated as the VAT invoice required to be provided by the supplier under paragraph (1)(b) or (c) if it complies with the conditions set out in paragraph (3A). **22**; and
- (g) in paragraph (6), omit sub-paragraph (a).
- (5) In regulation 13A (electronic invoicing) —
- (a) in paragraph (1) for “goods and services” substitute **34**services or relevant goods **22**; and
- (b) after paragraph (4) insert —
- 34**(5) In this regulation, “relevant goods” means all goods other than goods —
- (a) the supply of which is deemed to be a supply by an operator of an online marketplace by virtue of section 5A of the Act, or
- (b) the place of supply of which is determined by section 7(5B) of the Act. **22**.
- (6) In regulation 14 (contents of VAT invoice) —
- (a) in paragraph (1), omit “paragraph (2) and”;
- (b) omit paragraph (2);
- (c) in paragraph (7), omit “and 14(2)”;
- (d) omit paragraph (8).
- (7) In regulation 15 (change of rate, credit notes) —
- (a) the existing text becomes paragraph (1);
- (b) in that paragraph, after “relates to a”, insert **34**relevant **22**; and
- (c) after that paragraph, insert —
- 34**(2) In this regulation, “relevant supply” means a supply of goods or services other than a supply of goods to a person who is not a taxable person. **22**.
- (8) In regulation 15C (changes in consideration: debit notes and credit notes) —
- (a) at the end of paragraph (1), insert **34**, subject to paragraph (1A) **22**; and
- (b) after paragraph (1), insert —
- 34**(1A) This regulation does not apply in relation to a case where the original supply was a supply of goods to a person who was not a taxable person. **22**.

- (9) In regulation 16(1) (retailers invoices), omit “and the supply is other than to a person in a member State”.
- (10) In regulation 16A (simplified invoices)⁸, in the opening words, omit “and the supply is other than to a person in a member State”.
- (11) After regulation 16A, insert —

16B Retailers’ and simplified invoices: exceptions

Regulations 16 and 16A do not apply in relation to a supply of goods if —

- (a) that supply is deemed to be a supply by an operator of an online marketplace by virtue of section 5A of the Act; or
- (b) the place of supply of those goods is determined by section 7(5B) of the Act.⁹
- (12) Omit Part IV (EC Sales statements).
- (13) In regulation 23A (interpretation of Part 4A)⁹, in the definition of “relevant supply”, omit “intra-EU”.
- (14) In regulation 25 (making of returns) —
- (a) in paragraph (1)(b), for “, 3, 3A and 4”, substitute **3**, 3A and 9ZB.⁹; and
- (b) in paragraph (4)(b), for “, paragraph 4 of Schedule 3 or paragraph 4 of Schedule 4”, substitute **3** or Schedule 9ZB.⁹
- (15) Omit regulation 26 (accounting for VAT on an acquisition by reference to the value shown on the invoice).
- (16) In regulation 29 (claims for input tax) —
- (a) in paragraph (2) —
- (i) in sub-paragraph (d), after “warehouse” insert **3** or Northern Ireland warehouse⁹;
- (ii) in sub-paragraph (e), for “GB”, substitute **3** XI⁹; and
- (iii) in sub-paragraph (f), for “GB”, substitute **3** XI⁹; and
- (b) in paragraph (4), omit “or acquired”.
- (17) In regulation 31 (records) —
- (a) in paragraph (1)(da), after “regimes”, insert **3** or Northern Ireland fiscal or other Northern Ireland warehousing regimes⁹; and
- (b) omit paragraph (3).
- (18) In regulation 31A(2)¹⁰, for “15,000 euro”, substitute **3** £13,000⁹.

⁸ Regulation 16A was inserted by SD 0741/12.

⁹ Regulation 23A was inserted by SD 443/07, and was amended by 2014/0229.

¹⁰ Regulation 31A was inserted by SD 710/99.

- (19) In regulation 32 (the VAT account) in paragraph (3), after sub-paragraph (ba), insert —
- (baa) a total of the import VAT which the taxable person is accounting for on his return for that period in accordance with the Value Added Tax (Accounting Procedures for Import VAT for VAT Registered Persons) Regulations 2021¹¹; **22**.
- (20) Omit regulation 33 (the register of temporary movement of goods to and from member States).
- (21) For regulation 33B¹², substitute —

33B. Disapplication of Part V in certain circumstances

Where a person of a description in article 6 of the Value Added Tax (Isle of Man) (Terminal Markets) Order 1973¹³ makes or receives supplies of a description falling within that article, Part V of these Regulations shall not apply in relation to those supplies. **22**.

- (22) In regulation 38A (adjustments where a supply becomes or ceases to be a supply to which section 55A(6) of the Act applies (customers to account for tax on supplies of goods or services of a kind used in missing trader intra-EU fraud)), in the heading¹⁴, omit “intra-EU”.
- (23) In regulation 39 (calculation of returns) in paragraph (2) for “, except that the total of the output tax due” to the end, substitute **22** except that the total of the output tax due in that period on acquisitions in Northern Ireland from member States shall be entered instead in the box opposite the legend “VAT due in the period on acquisitions of goods brought into Northern Ireland from EU member States. **22**”.
- (24) In Regulation 40(1) (VAT to be accounted for on returns and payment of VAT)¹⁵ —
- (a) after sub-paragraph (b), insert —
- (ba) all import VAT for which he is accounting on that return in accordance with the Value Added Tax (Accounting Procedures for Import VAT for VAT Registered Persons) Regulations 2021¹⁶;
- (b) in sub-paragraph (c), after “regime”, insert **22** or Northern Ireland fiscal warehousing regime **22**; and
- (c) in sub-paragraph (d), after “regime”, in each place it occurs, insert **22** or Northern Ireland warehousing regime **22**.

¹¹ SD 2021/0258.

¹² Regulation 33B was inserted by SD 710/99.

¹³ GC 34/73. The relevant amendment to GC34/73 was by SD 705/99.

¹⁴ Regulation 38A was inserted by SD 443/07 and amended by SD 810/10.

¹⁵ Regulation 40 was substituted by SD 503/96 and amended by SD 147/07 and SD 443/07.

- (25) Omit regulation 42 (accounting for VAT on the removal of goods).
- (26) In regulation 43 (goods removed from warehousing regime) in paragraph (1), after “warehouse”, insert **“or Northern Ireland warehouse”**.
- (27) In regulation 55C (relevant supplies and purchases)¹⁷ —
- (a) in paragraph (1) in sub-paragraph (c), omit “from a place outside the member States”; and
- (c) in paragraph (6), omit “intra-EU”.
- (28) In regulation 86(1) (supplies of water, gas or any form of power, heat, refrigeration or other cooling or ventilation), for “Except in relation to a supply to which subsections (7) and (8) of section 6 of the Act apply, and subject”, substitute **“Subject”**.
- (29) In regulation 88(1) (supplier’s goods in possession of buyer), omit “or to a supply to which subsection (7) and (8) of section 6 of the Act apply,”.
- (30) In regulation 89 (retention payments), in the opening words, omit “(other than for a supply to which subsections (7) and (8) of section 6 of the Act apply)”.
- (31) In Regulation 97(1) (valuation of acquisitions)
- (a) for “the Isle of Man and United Kingdom from a member State” substitute **“Northern Ireland from a member State”**;
- (b) in sub-paragraph (a), for “the Isle of Man and United Kingdom” substitute **“Northern Ireland”**; and
- (c) in sub-paragraph (b), for “Economic Community” substitute **“EU”**.
- (32) In Regulation 99(1) (interpretation of Part XIV and longer periods)¹⁸ —
- (a) in sub-paragraph (a), omit “or acquired”; and
- (b) in sub-paragraphs (c)(ii)¹⁹, (d)(i) and (e), for “, 3, 3A or 4”, in each place, substitute **“or 3A”**.
- (33) In regulation 103B(3)(a) (attribution of input tax incurred on services and related goods used to make financial supplies)²⁰, omit “and any supply of the same description which is made in a member State”.
- (34) In the heading of Part XVI (importations, exportations and removals), after “removals”, insert **“in respect of the Island and Great Britain”**.
- (35) Before regulation 117 (interpretation of Part XVI), insert —

¹⁷ Regulation 55C was inserted by SD 242/02.

¹⁸ Regulation 99(1)(a) was amended by SD 0220/02.

¹⁹ Regulation 99(1)(c)(ii), (d)(i) and (e) were amended by SD 420/00 and SD 0589/12.

²⁰ Regulation 103B was inserted by SD 904/04 and amended by SD 269/09.

Application of this Part**116O**

This Part applies to importations, exportations and removals in respect of the Island and Great Britain.²¹

(36) Regulation 117 (interpretation of Part XVI) —

- (a) omit paragraphs (4) and (5A) to (5D);
- (b) in paragraph (6), for “, United Kingdom or member States”, in both places, substitute **or Great Britain**; and
- (c) for paragraphs (8) and (9), substitute —

(8) In regulations 119 and 121D, “UK Reliefs document” has the same meaning as in regulation 3 of the Customs (Relief from a Liability to Import Duty) Regulations 2021²¹.

(9) Unless otherwise specified, in this Part —

- (a) “importation” means —
 - (i) the importation of goods from outside the Island and the United Kingdom; and
 - (ii) the entry of goods into the Island following their removal from Northern Ireland,
 and related expressions are to be interpreted accordingly;
- (b) “export” means —
 - (i) the export of goods from the Island to a place outside the United Kingdom; and
 - (ii) the removal of goods from the Island to Northern Ireland,
 and related expressions are to be interpreted accordingly.²²

(37) In regulation 118 (enactments excepted) —

- (a) in the opening words, after “are to apply”, insert **to importations**;
- (b) in paragraph (c), omit sub-paragraphs (i) and (ii); and
- (c) after paragraph (c), insert —
 - (ca)** the Taxation (Cross-border Trade) Act 2018 (of Parliament), as it has effect in the Island²² —
 - (i) section 16 (value of chargeable goods);
 - (ii) section 36 (outward processing procedure);

²¹ SD 2021/0042, as amended by SD 2021/0125.

²² 2018 c. 22, applied in the Island by SD 2019/0080, as amended by SD 2019/0207, SD 2019/0336 and SD 2021/0172.

- (iii) Schedule 2, Part 5 (authorised use procedure), except to the extent that it relates to the matters referred to in regulation 119(2)(a); and
- (iv) Schedule 2, Part 6 (temporary admission procedure), except to the extent that it relates to full relief from a liability to import duty in relation to a temporary admission procedure;²².

(38) For regulation 119 (regulations excepted), substitute —

119 Regulations excepted

(1) The provision made by or under the following subordinate legislation is excepted from applying to importations—

- (a) regulations 16(4) and (5) and 19(1)(b) of the Excise Warehousing (Etc) Regulations 1988²³ (certain removals from warehouse);
- (b) any regulations made under section 197(2)(f) (rate of interest on overdue customs duty and on repayments of amounts paid by way of customs duty) of the Finance Act 1996 (of Parliament), as it has effect in the Island²⁴;
- (c) any regulation made under section 19 of the Taxation (Cross-border Trade) Act 2018 (of Parliament), as it has effect in the Island²⁵, conferring full or partial relief from a liability to import duty; and
- (d) regulations 51 (interest on late payment of import duty) and 74 (interest payable by the Treasury) of the Customs (Import Duty) Regulations 2019²⁶.

(2) But paragraph (1)(c) does not include the following—

- (a) regulations 35 and 36 (authorised use procedure) of the Customs (Special Procedures and Outward Processing) Regulations 2019²⁷ and regulation 21 of the Customs (Relief from a Liability to Import Duty) Regulations 2021²⁸ including the authorised use rates document referred to in that regulation, in so far as these regulations relate to relief from import duty in respect of goods admitted into territorial waters—

²³ GC 172/88

²⁴ Section 197(2)(f) of the Finance Act 1996 (of Parliament, 1996, c. 8) as applied to the Island by SD 507/99.

²⁵ 2018 c. 22, applied in the Island by SD 2019/0080, as amended.

²⁶ SD 2019/0152.

²⁷ SD 2019/0154.

²⁸ SD 2021/0042.

- (i) in order to be incorporated into drilling or production platforms as part of the process of constructing, repairing, maintaining, altering or fitting-out of such platforms, or in order to link such platforms to the mainland of the United Kingdom; or
 - (ii) for the fuelling and provisioning of drilling or production platforms;
- (b) regulations 39 to 44 (temporary admission procedure) of the Customs (Special Procedures and Outward Processing) Regulations 2019, in so far as these regulations confer full relief from a liability to import duty in relation to a temporary admission procedure; and
 - (c) the Customs (Relief from a Liability to Import Duty) Regulations 2021, in so far as these Regulations confer a relief from import duty in relation to returned goods relief, as detailed at sections 37 to 39 of the UK Reliefs document, subject to the modifications and exceptions set out in regulation 121D. **22**.
- (39) Omit regulation 120 (community legislation excepted).
- (40) In regulation 121 (adaptations) —
- (a) in paragraph (1), after “shall apply”, insert **23** to importations **22**; and
 - (b) omit paragraph (2).
- (41) For regulation 121A, substitute —

23 121A. Modifications to the Customs (Import Duty) Regulations 2019

In the Customs (Import Duty) Regulations 2019²⁹ Part 10 (guarantees), in regulation 104(1) (specified amount), regard as inserted after paragraph (b) —

- 24**(c) in relation to the VAT chargeable on the importation of goods into the Island, the specified amount may be nil where in the opinion of an officer there is no risk to the payment. **22**.

- (42) Omit regulations 121B and 121C.
- (43) For regulation 121D, substitute —

23 121D Modifications and exceptions for the application of

²⁹ SD 2019/0152.

returned goods relief

- (1) For the purposes of relief from import VAT incurred on the importation of goods into the Island from outside the Island and the United Kingdom, the provisions of the Customs (Relief from a Liability to Import Duty) Regulations 2021³⁰ are to be read as if the UK Reliefs document referred to in those regulations was modified as follows.
- (2) Regard sections 37 to 39 (returned goods relief) of the UK Reliefs document as requiring that the goods are re-imported into the Island or Great Britain by the same person who originally exported or re-exported the goods.
- (3) Regard the amount of relief mentioned in sections 37 to 39 of the UK Reliefs document as reduced by the amount of any unpaid VAT.
- (4) Regard the amount of import VAT in regulation 25 of the Customs (Special Procedures and Outward Processing) Regulations 2019³¹ as reduced by the amount of any paid VAT.
- (5) For the purposes of paragraphs (3) and (4) —
 - (a) “unpaid” refers to any part of the VAT charged and due on —
 - (i) a supply of the goods in the Island or the United Kingdom before the re-importation; or
 - (ii) an importation of the goods from outside the Island and the United Kingdom before the re-importation, which has been repaid, remitted or otherwise not paid;
 - (b) “paid” refers to any part of the VAT charged, due and paid on —
 - (i) a supply of the goods in the Island and the United Kingdom before the re-importation; or
 - (ii) an importation of the goods from outside the Island or the United Kingdom before the re-importation, in circumstances where there is no actual, or no prospect of, repayment or remission;
 - (c) a sum for which there is or was an entitlement or right to a deduction or refund within section 24 of the Act (input tax and output tax) is neither “unpaid” nor “paid”.
- (6) In the circumstances described in paragraph (7) or (8), the provisions of the Customs (Relief from a Liability to Import Duty)

³⁰ SD 2021/0042.


³¹ SD 2019/0154.

Regulations 2021³² are excepted from the legislation which is to apply as mentioned in section 16(1) of the Act (application of customs enactments).

(7) The circumstances are that —

- (a) the re-importer contemplated by sections 37 to 39 of the UK Reliefs document makes a supply of, or concerning, the goods whilst those goods are under the inward processing procedure or in the course of, or after, the relevant exportation, re-exportation or re-importation of the goods;
- (b) the place of supply for the purposes of VAT is determined by or under section 7 of the Act (place of supply of goods) as being outside the Island and the United Kingdom; and
- (c) the goods nevertheless are, or may be, stored or physically used in the Island or the United Kingdom by or under the direction of that re-importer or the person to whom that supply is made (“recipient”),

and for these purposes “re-importer” and “recipient” include someone connected with either person or both persons as determined in accordance with section 119C of the Income Tax Act 1970.

(8) The circumstances are that the goods in question were supplied at any time to any person pursuant to regulations 132 to 133 or pursuant to any corresponding provisions of the United Kingdom. .

(44) Omit regulation 122 (postal importations by registered persons in the course of business).

(45) Omit regulation 123 (temporary importations).

(46) For regulation 126 (re-importation of goods exported for treatment or process), substitute —

 126. Re-importation of goods exported for treatment or process

(1) Subject to such conditions as the Treasury may impose, VAT chargeable on the importation of goods which have been temporarily exported and are re-imported after having undergone repair, process or adaptation outside the Island and Great Britain, or after having been made up or reworked outside the Island and Great Britain, shall be payable as if such treatment or process has been carried out in the Island or Great Britain, if the Treasury is satisfied that —

³² SD 2021/0042

- (a) at the time of exportation the goods were intended to be re-imported after completion of the treatment or process outside the Island and Great Britain; and
 - (b) the ownership in the goods was not transferred to any other person at exportation or during the time they were abroad.
- (2) For the purposes of this regulation —
- (a) the reference to the importation of goods does not include the removal of goods from Northern Ireland to the Island and related expressions are to be interpreted accordingly;
 - (b) any reference to the exportation of goods does not include the removal of the goods from the Island to Northern Ireland, and related expressions are to be interpreted accordingly. ²².
- (47) In regulation 128 (export of freight containers), for “member States”, substitute ²³Island and Great Britain ²².
- (48) In regulation 129(1) (supplies to overseas persons) —
- (a) for “member States”, in both places, substitute ²³Island and Great Britain ²²;
 - (b) in sub-paragraph (a), after “supplied”, insert ²³at a time when they were located in the Island or Great Britain ²²;
 - (c) in sub-paragraph (a)(iii), omit “and”;
 - (d) after sub-paragraph (b), insert —
 - ²³(c) the goods are not personal gifts on export as defined in regulation 3 of the Customs (Export) Regulations 2020³³; and
 - (d) any conditions that may be specified by the Treasury in a notice published by it have been met; ²²; and
 - (e) after “subject to such”, insert ²³other ²².
- (49) Omit Regulation 131.
- (50) Before regulation 132, insert the heading ²³Supplies to persons departing from the Island ²².
- (51) In regulation 132 —
- (a) the existing text becomes paragraph (1) of the regulation;
 - (b) in that paragraph —
 - (i) for “member States”, in both places it occurs, substitute ²³Island and Great Britain ²²; and
 - (ii) after “motor vehicle”, insert ²³located in the Island at the time of its purchase ²²; and
 - (c) after that paragraph, insert —

- (2) The conditions that the Treasury may impose under paragraph (1) may be specified in a notice published by it.
- (52) In regulation 133 —
- (a) the existing text becomes paragraph (1) of that regulation;
 - (b) in that paragraph —
 - (i) for “member States”, in both places it occurs, substitute **Island and Great Britain**; and
 - (ii) after “motor vehicle” insert **located in the Island at the time of its purchase**; and
 - (c) after that paragraph insert —

(2) The conditions that the Treasury may impose under paragraph (1) may be specified in a notice published by it.
- (53) Omit regulations 134 to 145.
- (54) In regulation 145B (fiscal warehousing certificates)³⁴ —
- (a) in paragraph (1) omit the words before “the certificate referred to in section 18B(2)(d)”;
 - (b) omit paragraph (2).
- (55) In regulation 145H (removal of goods from a fiscal warehouse regime and transfers overseas)³⁵ —
- (a) in the heading, for “overseas”, substitute **outside the Island and Great Britain**;
 - (b) in paragraph (2) —
 - (i) omit sub-paragraph (b); and
 - (ii) in sub-paragraph (c), for “member State”, substitute **Island and Great Britain**; and
 - (c) in paragraph (4) —
 - (i) omit sub-paragraph (b), but not the final “or”;
 - (ii) in sub-paragraph (c), for “member States”, substitute **Island and Great Britain**.
- (56) For regulation 145J(3) (payment on removal of goods from a fiscal warehousing regime)³⁶, substitute —
- (3) In paragraph (2)(a) “status” is a reference to whether the person in question is or is required to be registered under the Act or would

³⁴ Regulation 145B was inserted by SD 503/96 and amended by SD 0589/12.

³⁵ Regulation 145H was inserted by SD 503/96.

³⁶ Regulation 145J was inserted by SD 503/96.

- be required to register under the Act were it not for paragraph 1(9) of Schedule 2 to the Act. **22**.
- (57) Omit regulation 146 (interpretation of Part XVII).
- (58) Omit regulation 147 (first entry into service of a means of transport).
- (59) Omit regulation 148 (notification of acquisition of new ships and new aircraft by non-taxable persons and payment of VAT).
- (60) Regulation 148A (notification of the arrival in the Island of land vehicles and payment of VAT)³⁷ is amended as follows —
- (a) for paragraph (1) substitute —
- 23**(1) This regulation applies to a means of transport that is a motorised land vehicle as described by paragraph 2(5E) of Schedule 12 to the Act (a “land vehicle”). **22**;
- (b) after paragraph (4) insert —
- 23**(4A) No obligation arises under paragraph (3) or (4) by reason of the removal of a land vehicle from Northern Ireland to the island or vice versa. **22**;
- (c) after paragraph (5), insert —
- 23**(5A) In this regulation “relevant person” has the meaning given by paragraph 2(5D) of Schedule 12 to the Act. **22**;
- (d) in paragraph (7) —
- (i) in sub-paragraph (c), omit “any registration mark allocated to it by any competent authority in a member State prior to its arrival and”;
- (ii) omit sub-paragraphs (f) and (g); and
- (iii) in sub-paragraph (h)(ii), substitute —
- 23**(ii) any identifying number contained in a customs declaration made for the purposes of Part 1 of the Taxation (Cross-border) Trade Act 2018 (of Parliament), as it has effect in the Island³⁸; and **22**; and
- (e) omit paragraphs (8) and (10) to (13).
- (61) In regulation 151(f) (information to be included in a claim) for “on the acquisition of the new means of transport from a member State or on its importation from a place outside the member States” substitute **23** on its importation **22**.
- (62) In regulation 152 —
- (a) in subparagraph (b)(documents to accompany claim) omit “from a place outside the member States” and the “and” at the end; and

³⁷ Regulation 148A was inserted by SD 0103/13 and amended by SD 2014/0131.

³⁸ 2018 c. 22, applied in the Island by SD 2019/0080, as amended by SD 2019/0207 and SD 2019/0336.

- (b) omit paragraph (c).
- (63) Omit regulations 149 to 154 (refunds in relation to new means of transport).
- (64) Omit regulation 155 (supplies of new means of transport to persons departing to a member State).
- (65) Omit Part XX (repayments to community traders)³⁹.
- (66) In Part XXI (repayments to third country traders), in the heading, for “third country traders”, substitute **43**traders outside the Island and the United Kingdom **42**.
- (67) In regulation 185(1) (interpretation of Part XXI) —
- (a) omit the definition of “third country”; and
- (b) in the definition of “trader”, for “in a third country”, substitute **43**outside the Island and the United Kingdom **42**.
- (68) In regulation 186 (repayments of VAT), before “input tax”, insert **43**, or would be treated as, **42**.
- (69) In regulation 188 (persons to whom this Part applies) —
- (a) in paragraph (1), omit “third”; and
- (b) in paragraph (2), omit sub-paragraph (a).
- (70) In regulation 190(1) (VAT which will not be repaid), before sub-paragraph (a), insert —
- 43**(za) VAT which the Treasury would be obliged to repay if it was the subject of a claim made in accordance with Part 20; **42**.
- (71) In regulation 191 (method of claiming), in paragraph (1)(b)(i), omit “third”.
- (72) In regulation 202 (interpretation of Part XXIV) —
- (a) the existing text becomes paragraph (1);
- (b) in paragraph (1), before the definition of “certified person”, insert —
- 43**“certification anniversary” means, in relation to a person, an anniversary of the date on which that person’s certification takes effect pursuant to regulation 205; **42**;
- (c) after paragraph (1), insert —
- 43**(2) For the purposes of this Part, a person is associated with another person at any time if that other person makes supplies in the course or furtherance of a business carried on by the other person and —

³⁹ Part XX was amended by SD 240/10 and SD 013/11.

- (a) the business of one is under the dominant influence of the other; or
 - (b) the persons are closely bound to one another by financial, economic and organisational links. **22**.
- (73) In regulation 204 (admission to the scheme) —
 - (a) omit “and” at the end of paragraph (c);
 - (b) for paragraph (d) substitute —
 - 23**(d) he satisfies the Treasury that the total value of taxable supplies made by him in the course or furtherance of the relevant part of his business in the period of one year ending with the date of the application is £150,000 or less; and
 - (e) he is not, and has not been within the past 24 months —
 - (i) eligible to be registered for VAT in the name of a group under section 43A of the Act;
 - (ii) registered for VAT in the name of a division under section 46(1) of the Act; or
 - (iii) associated with another person. **22**.
- (74) In regulation 205 (certification), in the words after sub-paragraph (c), for “Schedule 2, 2A or 4”, substitute **23**Schedule 2 or 2A **22**.
- (75) In regulation 206 (cancellation of certificates) —
 - (a) in paragraph (1) —
 - (i) in sub-paragraph (f), for “Schedule 2, 2A or 4”, substitute **23**Schedule 2 or 2A **22**;
 - (ii) in sub-paragraph (h), omit “or 4”;
 - (iii) for sub-paragraph (i) substitute —
 - 23**(i) the total value of taxable supplies made by him in the course or furtherance of the relevant part of his business in the period of one year ending on a certification anniversary is more than £230,000;
 - (ia) at the end of any month, the total value of taxable supplies made by him in the course or furtherance of the relevant part of his business in the period of 30 days then ending is more than £230,000;
 - (ib) he becomes —
 - (i) eligible to be registered for VAT in the name of a group under section 43A of the Act;
 - (ii) register for VAT in the name of a division under section 46(1) of the Act; or
 - (iii) associated with another person; or **22**; and
 - (iv) in sub-paragraph (j), for “(h)” substitute **23**(ib) **22**; and

- (b) in paragraph (2) —
- (i) for sub-paragraph (i) substitute —
- ☐(i) the certification anniversary on which the total value of taxable supplies made by him in the course or furtherance of the relevant part of his business for a period of one year then ending is more than £230,000;
 - (ia) the date on which the total value of taxable supplies made by him in the course or furtherance of the relevant part of his business in the period of 30 days then ending is more than £230,000;
 - (ib) the date he becomes —
 - (i) eligible to be registered for VAT in the name of a group under section 43A of the Act;
 - (ii) registered for VAT in the name of a division under section 46(1) of the Act; or
 - (iii) associated with another person; or ☐; and
- (ii) in sub-paragraph (j), for “(h)” substitute ☐(ib) ☐.

(76) After regulation 206, insert —

☐ 206A Notification to the Treasury

- (1) A person must notify the Treasury in writing if —
- (a) on any certification anniversary, the total value of taxable supplies made in the course or furtherance of the relevant part of that person’s business in the period of one year then ending is more than £230,000;
 - (b) at the end of any month, the total value of taxable supplies made in the course or furtherance of the relevant part of that person’s business in the period of 30 days then ending is more than £230,000; or
 - (c) that person becomes —
 - (i) eligible to be registered for VAT in the name of a group under section 43A of the Act;
 - (ii) registered for VAT in the name of a division under section 46(1) of the Act; or
 - (iii) associated with another person.
- (2) If a person is required to notify the Treasury under this regulation, that person must do so within 30 days of —
- (a) in the case of paragraph (1)(a), the relevant certification anniversary;
 - (b) in the case of paragraph (1)(b), the end of the relevant month; or

- (c) in the case of paragraph (1)(c), the date on which the relevant event occurs. 22.
- (77) In regulation 208 (further certification), in sub-paragraph (a), for “Schedule 2, 2A or 4”, substitute 22 Schedule 2 or 2A 22.
- (78) In Schedule 1A: Fiscal warehousing regime –
- (a) in paragraph 1 –
- (i) omit sub-paragraph (e); and
- (ii) in sub-paragraph (f), for “member States”, in both places it occurs, substitute 22 Island and Great Britain 22;
- (b) in paragraph 3 –
- (i) omit sub-paragraph (c); and
- (ii) in sub-paragraph (d), for “member States”, substitute 22 Island and Great Britain 22; and
- (c) in paragraph 4(b) –
- (i) for “articles 145H(4)(b) or”, substitute 22 regulation 22;
- (ii) for “a member State”, substitute 22 the Island or Great Britain 22; and
- (iii) for “the member States”, substitute 22 the Island and Great Britain 22.

MADE 4TH AUGUST 2021

A L CANNAN
Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Value Added Tax Regulations 1996 [SD 194/96] (“the VAT Regulations”) as a consequence of the United Kingdom’s withdrawal from the European Union.

The amendments include the removal of references to “acquisition VAT” and “member States”, and the extension of import VAT to EU member States so that the supplies from the EU are treated in the same way as the rest of the world for VAT purposes. References are also amended to refer to new terminology, such as “temporary admission” as a consequence of the implementation of the Taxation (Cross-border Trade) Act 2018, as it has effect in the Island. Certain regulations are omitted as they are no longer required following the departure of the United Kingdom from the European Union, such as provisions regarding the submission of EC Sales statements, accounting for movements of certain goods to and from the EU and repayments to traders in EU member States.

The Regulations also amend Part XXIV of the VAT Regulations in relation to the agricultural flat-rate scheme (‘AFRS’). The amendments to Part XXIV provide for admission to the scheme, certification and cancellation of certificates and the requirement to keep and produce records.