

Statutory Document No. 2021/0265



Value Added Tax Act 1996

VALUE ADDED TAX (FLAT RATE SCHEME) REGULATIONS 2021

Laid before Tynwald:

Coming into Operation: in accordance with regulation 2

The Treasury makes the following Regulations under section 26A of the Value Added Tax Act 1996¹.

1 Title

These Regulations are the Value Added Tax (Flat Rate Scheme) Regulations 2021.

2 Commencement

- (1) These Regulations come into operation on the day after they are made².
- (2) However, when they are made, these Regulations shall be deemed to have come into operation on 12 January 2021³.

3 Modification of regulation 55K of the Value Added Tax Regulations 1996

- (1) The following modifications of regulation 55K of the Value Added Tax Regulations 1996⁴ (flat-rate scheme for small businesses: category of business) have effect in relation to the period beginning with 12 January 2021 and ending with 30 September 2021.
- (2) The Table has effect as if, in the second column —

¹ Section 26A of the Value Added Tax Act 1996 was inserted by SD 241/02.

² Tynwald procedure - negative under section 95(1) of the Value Added Tax Act 1996.

³ Section 95(6) of the Value Added Tax Act 1996 provides that a public document made by the Treasury under that Act may, in so far as the Treasury considers it necessary that such Regulations shall conform with any resolution, rule, regulation or order made under the U.K. Act, or any other Act of Parliament relating to VAT in force at the time of the making of the first mentioned document, be made retrospective.

⁴ SD 194/96. Regulation 55K was inserted by SD 242/02, as amended by SD 881/03 and SD 013/11.

- (a) in the entry for “Catering services including restaurants and takeaways”, for “12.5”, there were substituted **4.5**;
- (b) in the entry for “Hotel or accommodation”, for “10.5”, there were substituted **0**; and
- (c) in the entry for “Pubs”, for “6.5”, there were substituted **1**.

MADE 11TH AUGUST 2021

A L CANNAN
Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations modify regulation 55K of the Value Added Tax Regulations 1996 to reflect the temporary reduced rate introduced by the Value Added Tax Act 1996 (Reduced Rate) Order 2020⁵.

The Regulations make temporary changes to the percentages in the Table setting out the percentage rules for the various categories of business entitled to use the flat-rate scheme for small businesses in regulation 55K.

This temporary change is in response to the coronavirus health emergency by way of time-limited modifications. The change to the flat-rate scheme has effect for the period 12 January 2021 to 30 September 2021, effectively further extending the temporary changes which were introduced by the Value Added Tax (Flat Rate Scheme) Regulations 2020⁶.

⁵ SD 2020/0392.

⁶ SD 2020/0393.