

VALUE ADDED TAX

VALUE ADDED TAX AND OTHER TAXES ACT 1973 (AMENDMENT) ORDER 1990

In exercise of the powers conferred on the Treasury by section 52 of the Value Added Tax and Other Taxes Act 1973(a), and of all other powers enabling it in that behalf, the following Order is hereby made: -

Citation and commencement

1. This Order may be cited as the Value Added Tax and Other Taxes Act 1973 (Amendment) Order 1990 and, subject as otherwise provided in this Order, shall come into operation on the date on which it is approved by Tynwald.

Interpretation

2. In this Order "the Act" means the Value Added Tax and Other Taxes Act 1973.

Registration

3. (1) For paragraph 1(1) to (3) of Schedule 1 to the Act substitute -

"(1) Subject to sub-paragraphs (3) to (5) below, a person who makes taxable supplies but is not registered becomes liable to be registered -

(a) at the end of any month, if the value of his taxable supplies in the period of one year then ending has exceeded £25,400; or

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(b) at any time, if there are reasonable grounds for believing that the value of his taxable supplies in the period of thirty days then beginning will exceed £25,400.

(2) Where a business carried on by a taxable person is transferred to another person as a going concern and the transferee is not registered at the time of the transfer, then, subject to subparagraphs (3) to (5) below, the transferee becomes liable to be registered at that time if -

(a) the value of his taxable supplies in the period of one year ending at the time of the transfer has exceeded £25,400; or

(b) there are reasonable grounds for believing that the value of his taxable supplies in the period of thirty days beginning at the time of the transfer will exceed £25,400.

(3) A person does not become liable

to be registered by virtue of sub-paragraph 1(1)(a) or (2)(a) above if the Treasury is satisfied that the value of his taxable supplies in the period of one year beginning at the time at which, apart from this sub-paragraph, he would become liable to be registered will not exceed £24,400."

(2) In paragraph 1(4) of Schedule 1 to the Act after "1(a)" insert "or (2)(a)".

(3) In paragraph 1(5) of Schedule 1 to the Act after "sub-paragraph (1)" insert "or (2)".

(4) In paragraph 1(6) of Schedule 1 to the Act after "sub-paragraph (1)" insert "or (2)".

(5) In paragraph 2(1) and 2(2) of Schedule 1 to the Act for "£22,600" substitute "£24,400".

(6) For paragraphs 5 and 6 of Schedule 1 to the Act substitute -

"5. (1) A person, other than a person registered or required to be registered under the United Kingdom Act, who becomes liable to be registered by virtue of paragraph 1(1)(a) above shall notify the Treasury of the liability within thirty days of the end of the relevant month.

(2) The Treasury shall register any such person (whether or not he so notifies it) with effect from the end of the month

following the relevant month or from such earlier date as may be agreed between it and him.

(3) In this paragraph "the relevant month", in relation to a person who becomes liable to be registered, means the month at the end of which he becomes liable to be registered.

5A. (1) A person, other than a person registered or required to be registered under the United Kingdom Act, who becomes liable to be registered by virtue of paragraph 1(1)(b) above shall notify the Treasury of the liability before the end of the period by reference to which the liability arises.

(2) The Treasury shall register any such person (whether or not he so notifies it) with effect from the beginning of the period by reference to which the liability arises.

5B. (1) A person who becomes liable to be registered by virtue of paragraph 1(2) above shall notify the Treasury of the liability within thirty days of the time when the business is transferred.

(2) The Treasury shall register any such person (whether or not he so notifies

it) with effect from the time when the business is transferred.

6. Where a person becomes liable to be registered by virtue of paragraph 1(1)(a) above and by virtue of paragraph 1(1)(b) or 1(2) above at the same time, the Treasury shall register him in accordance with paragraph 4(2) or 4A(2) above, as the case may be, rather than paragraph 3(2) above."

(7) In paragraph 6A of Schedule 1 to the Act for "or 6" substitute ", 5A, 5B or 6".

(8) Section 25(1A) of the Act shall cease to have effect.

(9) In section 20(1) of the Act for "1(a)(ii)" substitute "1(1)(a)".

(10) Paragraphs (1) to (4) and (8) above shall come into force on 21st March 1990.

(11) Paragraph (5) above shall come into force on the 1st June 1990.

(12) Paragraphs (6) to (8) above apply in relation to persons who become liable to be registered after 20th March 1990.

Supplies to groups

4. (1) Section 21A of the Act shall be amended as follows -

(2) In subsection (1) for "and (3)" substitute "to (3A)".

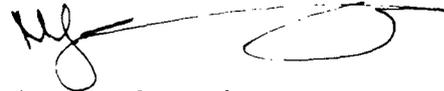
(3) After subsection (3) insert -

"(3A) Subsection (4) below shall not apply to the extent that the chargeable assets consist of capital items in respect of which regulations made under section 4(3) and (4) above, and in force when the assets are transferred, provide

for adjustment to the deduction of input tax."

(4) This article shall apply in relation to transfers of assets made on or after the 1st April 1990.

Made this 28th day of March 1990



Minister for the Treasury

This Order was approved by Tynwald on 10th April, 1990

EXPLANATORY NOTE

(This Note is not part of the Order)

This Order amends the Value Added Tax and Other Taxes Act 1973 so that it conforms with certain provisions of the United Kingdom Budget of 1990 relating to value added tax.

Article 3 provides for an increase in the annual taxable turnover limit for registration from £23,600 to £25,400 and abolishes the quarterly taxable turnover limit. The limit for cancellation of registration is increased also from £22,600 p. a. to £24,400 p. a. with effect from the 1st June 1990.

Article 4 excludes items covered by the "capital goods scheme" from the VAT self supply charge which currently arises where assets are transferred to a partly exempt VAT group as part of the transfer of a business as a going concern.