



VALUE ADDED TAX ACT 1996

VALUE ADDED TAX (PLACE OF SUPPLY OF SERVICES)
(AMENDMENT) ORDER 1997

Laid before Tynwald 18th February 1997

Coming into operation 1st January 1997

In exercise of the powers conferred on the Treasury by section 7(11) of the Value Added Tax Act 1996(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 (Place of Supply of Services) (Amendment) Order 1997 and shall be deemed to have come into operation on 1st January 1997.

Amendment

2. In paragraph (aa) of article 14 of the Value Added Tax (Place of Supply of Services) Order 1993(b) for the expression "
", provided the goods do not thereafter remain in the Isle of Man or the United Kingdom" substitute -

"which are then dispatched or transported out of the member State where those services were physically carried out".

Made this

15th day of

January

1997

Minister for the Treasury

(a) 1996 c.1.

(b) S.D. No. 5/93.

EXPLANATORY NOTE
(This note is not part of the Order)

This Order amends, with effect from 1st January 1997, article 14(aa) of the Value Added Tax (Place of Supply of Services) Order 1993 (the "principal Order") to give full effect to article 28b.F of Council Directive 77/388/EEC (OJ No. L145, 13.6.77, p.1) (the "Sixth VAT Directive"). Article 28b.F was inserted by Council Directive 95/7/EC (OJ No. L102, 5.5.95, p.18) (the "Second Simplification Directive").

Article 14(aa) of the principal Order seeks to deal with a supply of services where:

- (i) a valuation of, or work on, goods is physically performed in a member State and the goods then leave that member State, and
- (ii) the recipient of the services provides, for the purpose of the supply, a VAT registration number issued by a different member State.

In these circumstances the supply should be treated as made in the latter member State (rather than the former member State as would otherwise be the case under article 15(d) of the principal Order).

Until now article 14(aa) of the principal Order envisaged only circumstances in which the services in question were performed in and the goods subsequently left the Island or the United Kingdom. Article 2 of this Order extends the scope of article 14(aa). The main effect of this is to treat the supply as made in the Island where -

- (a) such services are performed in and the goods leave a member State, and
- (b) the recipient provides an Island VAT registration number for the purpose of the supply.