



VALUE ADDED TAX ACT 1996

VALUE ADDED TAX (AMENDMENT) REGULATIONS 2005

Laid before Tynwald

17th May 2005

Coming into operation

In accordance with regulation 1

In exercise of the powers conferred on the Treasury by sections 26(1), (3) and (4) of the Value Added Tax Act 1996^(a), and of all other powers enabling it in that behalf, the following Regulations are hereby made:-

Citation and commencement

1. (1) These Regulations may be cited as the Value Added Tax (Amendment) Regulations 2005 and, subject to paragraph (2), shall come into operation on 31st March 2005.

(2) Where 31st March 2005 falls within the prescribed accounting period of a taxable person, the amendments made by regulation 3 shall not, in relation to that taxable person, have effect until the day after the end of that prescribed accounting period.

Amendment

2. The Value Added Tax Regulations 1996^(b) are amended as follows.

3. (1) In regulation 101(4), for “to the next whole number” substitute “as specified in paragraph (5)”.

(2) After regulation 101(4) add –

“(5) The percentage shall be rounded up –

(a) where in any prescribed accounting period or longer period which is applied the amount of input tax which is available for attribution under paragraph (2)(d) prior to any such attribution being made does not amount to more than £400,000 per month on average, to the next whole number, and

(b) in any other case, to two decimal places.”.

4. After regulation 102(4) add –

^(a) 1996 c.1.

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

“(5) Any approval given or direction made under this regulation shall only have effect if it is in writing in the form of a document which identifies itself as being such an approval or direction.

(6) Where a taxable person who is using a method which has been approved or directed under this regulation incurs input tax of the description in paragraph (7), that input tax shall be attributed to taxable supplies to the extent that the goods or services are used or to be used in making taxable supplies expressed as a proportion of the whole use or intended use.

(7) The input tax referred to in paragraph (6) is input tax –

- (a) the attribution of which to taxable supplies is not prescribed in whole or in part by the method referred to in paragraph (6), and
- (b) which does not fall to be attributed to taxable or other supplies as specified under regulations 103, 103A or 103B.

(8) Where the input tax specified in paragraph (7)(a) is input tax the attribution of which to taxable supplies is only in part not prescribed by the method, only that part the attribution of which is not so prescribed shall fall within that paragraph.”.

Made this 23rd day of March 2005



Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into operation in accordance with regulation 1, amend the Value Added Tax Regulations 1996 (“the principal Regulations”).

Regulation 3 amends regulation 101 of the principal Regulations (the partial exemption standard method) so as to restrict the degree of rounding up of the recoverable percentage of residual input tax in the case of larger businesses.

Regulation 4 amends regulation 102 of the principal Regulations (use of other methods) by adding new paragraphs (5) to (8).

New paragraph (5) provides that approvals given or directions made by the Treasury must be in writing.

New paragraphs (6) and (7) provide for a use based method of attribution of input tax where neither the approved or directed method nor any of the principal Regulations specifies a method of attribution. New paragraph (8) provides that, where a method makes partial provision for the attribution of any input tax, only such part as is not covered by the method shall be attributed on the basis of use.