

Statutory Document No. 2019/0082



Value Added Tax Act 1996

VALUE ADDED TAX ACT 1996 (AMENDMENT) ORDER 2019

Approved by Tynwald: 9th April 2019
Coming into Operation: in accordance with article 2

The Treasury makes the following Order under sections 95 and 96(1) of the Value Added Tax Act 1996.

1 Title

This Order is the Value Added Tax Act 1996 (Amendment) Order 2019.

2 Commencement

If approved by Tynwald, this Order comes into operation on exit day.

3 Interpretation

In this Order, “**exit day**”, has the same meaning as in the European Union and Trade Act 2019.

4 Amendment of the Value Added Tax Act 1996

- (1) The Value Added Tax Act 1996 is amended in accordance with the Schedule.
- (2) If an amendment made by the Schedule to a provision of the Value Added Tax Act 1996 has the effect of removing a reference to the principal VAT directive or the implementing VAT regulations, the removal is not to be taken as implying that the directive or regulation is no longer relevant for determining the meaning and effect of that provision.
- (3) In this article “**the principal VAT directive**” and “**the implementing VAT regulation**” have the same meaning as in section 42 of the Taxation (Cross-border Trade) Act 2018, as it has effect in the Island¹.

¹ The Taxation (Cross-border Trade) Act 2018 was applied in the Island by SD 2019/0080.

5 Revocation

The following orders are revoked to the extent stated —

- (a) article 11 of the Value Added Tax (Amendment) (No. 3) Order 1996²;
- (b) articles 4, 5, 7, 8, 15 and 16 of the Value Added Tax (Fiscal and Other Warehousing) Order 1996³;
- (c) articles 9(b) and 10 of the Value Added Tax Act 1996 (Amendment) Order 2000⁴;
- (d) article 4(2) of the Value Added Tax Act 1996 (Amendment) Order 2001⁵;
- (e) article 2 of the Value Added Tax Act 1996 (Amendment) (No. 2) Order 2002⁶;
- (f) Value Added Tax Act 1996 (Special Accounting Scheme) (Amendment) Order 2003⁷ - the whole order;
- (g) article 5 of the Value Added Tax Act 1996 (Amendment) Order 2004⁸;
- (h) article 3(3) of the Value Added Tax Act 1996 (Amendment) (No. 2) Order 2007⁹;
- (i) article 3 of the Value Added Tax Act 1996 (Amendment) (No. 3) Order 2007¹⁰;
- (j) article 4(8) of the Value Added Tax Act 1996 (Amendment) (No. 2) Order 2009¹¹;
- (k) articles 4(3) and 14 of the Value Added Tax Act 1996 (Amendment) (No. 5) Order 2009¹²;
- (l) paragraphs 12, 14, 16 and 17 of Schedule 3 to, and paragraphs 6(2), 9, 11, 12(3), (6) and (7) of Schedule 4 to the Value Added Tax Act 1996 (Amendment) Order 2012¹³;
- (m) article 4 of the Value Added Tax (Relief for European Research Infrastructure Consortia) Order 2012¹⁴;

² GC 375/96.

³ GC 501/96.

⁴ SD 168/00.

⁵ SD 270/01.

⁶ SD 518/02.

⁷ SD 264/03

⁸ SD 568/04.

⁹ SD 441/07.

¹⁰ SD 538/07.

¹¹ SD 218/09.

¹² SD 596/09.

¹³ SD 0588/12.

¹⁴ SD 0726/12.

- (n) article 3(2)(c) of the Value Added Tax Act 1996 (Amendment) (No. 3) Order 2014¹⁵;
- (o) articles 5(4) and (12) of the Value Added Tax Act 1996 (Amendment) Order 2016¹⁶; and
- (p) article 3(3) of the Value Added Tax (Increase of Registration Limits) Order 2017¹⁷.

MADE 20 MARCH 2019

A L CANNAN
Minister for the Treasury

¹⁵ SD 2014/0293.

¹⁶ SD 2016/0274.

¹⁷ SD 2017/0113.

SCHEDULE

[Article 3(1)]

MODIFICATIONS TO THE VALUE ADDED TAX ACT 1996

1 Section 1 (value added tax)

- (1) Section 1 (value added tax) is amended as follows.
- (2) In subsection (1)—
 - (a) omit paragraph (b) (which charges VAT on the acquisition in the Island of goods from member States); and
 - (b) for paragraph (c), substitute—
| **ca**(c) on the importation of goods into the Island, **ca**.
- (3) Omit subsection (3).
- (4) In subsection (4)—
 - (a) omit “from places outside the member States”; and
 - (b) for “a duty of customs, substitute **ca** import duty **ca**”.

2 Section 2 (rate of VAT)

In section 2(1)—

- (a) omit paragraph (b) (together with the “and” at the end of the paragraph); and
- (b) in paragraph (c), omit “from a place outside the member States”.

3 Section 3A (supplies of electronic services in member States: special accounting schemes)Omit section 3A (supplies of electronic services in member States: special accounting schemes)¹⁸.**4 Section 5 (meaning of supply: alteration by Treasury order)**

In section 5(3) (meaning of supply: alteration by Treasury order), omit from “and may provide that paragraph 6” to the end.

5 Section 6 (time of supply)

- (1) Section 6 (time of supply) is amended as follows.
- (2) Omit subsections (7) and (8).

¹⁸ Section 3A was inserted by SD 264/03.

- (3) In subsection (14), for “subsections (2) to (8)”, substitute **6A** subsections (2) to (6) **6A**.

6 Section 7 (place of supply of goods)

- (1) Section 7 (place of supply of goods) is amended as follows.
- (2) In subsection (1)¹⁹, omit “14,”.
- (3) Omit subsections (4) and (5).
- (4) In subsection (6)(a), omit “from a place outside the member States”.
- (5) Omit subsection (9).
- (6) After subsection (11), insert—
- 6A**(12) The Treasury may by regulations provide that any rule for determining where a supply of goods is made subject to such conditions relating to the notification of matters to the Treasury, or such other conditions, as may be specified in the regulations. **6A**.

7 Section 7A (place of supply of services)

- (1) For section 7A(4) (place of supply of services)²⁰, substitute—
- 6A**(4) For the purpose of this Act a person is a relevant business person in relation to a supply of service if—
- (a) the person carries on a business; and
- (b) the services are not received by the person wholly for private purposes, whether or not the services are received in the course of business. **6A**.

8 Section 9 (place where supplier or recipient of services belongs)

In section 9 (place where supplier or recipient of services belongs), omit subsection (6)²¹.

9 Section 9A (reverse charge on gas, electricity, heat or cooling supplied by persons outside the Island and United Kingdom)

In section 9A(5)(a) (reverse charge on gas, electricity, heat or cooling supplied by persons outside the Island and United Kingdom)²², for “situated within the territory of a member State”, substitute **6A** in the Island or United Kingdom **6A**.

¹⁹ Subsection 7(1) was amended by Article 3 of SD 501/96.

²⁰ Section 7A was inserted by SD 596/09.

²¹ Section 6 was substituted by SD 596/09 and amended by SD 2014/0293.

²² Section 9A was inserted by SD 568/04.

10 Sections 10 to 14 (acquisitions of goods from member States)

Omit sections 10 to 14 (acquisitions of goods from member States) and the italic heading before those sections.

11 Section 15 (General provision relating to imported goods)

(1) For section 15, substitute—

15 Meaning of “importation of goods” in to the Island

- (1) This section determines for the purpose of this Act when, and by whom, the goods are imported into the Island.
- (2) Goods are imported when they are declared for a Customs procedure under part 1 of the Taxation (Cross-border Trade) Act 2018 (of Parliament)²³, as it has effect in the Island.
- (3) But—
 - (a) in the case of goods declared under that Act for a storage procedure, a transit procedure or an inward processing procedure, the goods are imported when a liability to import duty is, or on the relevant assumptions would be, incurred in respect of them under section 4 of that Act; and
 - (b) in the case of goods which are liable to forfeiture as a result of section 5(1) of, or paragraph 1(5) or 3(4) of Schedule 1 to, that Act (goods not presented to Customs or Customs declaration not made), the goods are imported when they become liable to forfeiture as a result of those provisions.
- (4) Each person who is, or on the relevant assumption would be, liable to import duty in respect of goods imported into the Island is a person who has imported the goods.
- (5) For the purposes of this section “the relevant assumptions” are —
 - (a) an assumption that a liability to import duty at a nil rate is replaced by a liability to import duty at a higher rate; and
 - (b) an assumption that no relief from import duty is available.
- (6) If two or more persons are regarded as importing goods, those persons are jointly and severally liable to any VAT that is payable on the importation.
- (7) The preceding provisions of this section are to be ignored in reading any reference to importation or to an importer in anything applied for the purpose of this Act by section 16(1) or (2).

²³ The Taxation (Cross-Border Trade) Act 2018 was applied in the Island by SD 2019/0080.

- (8) But subsection (7) does not apply so far as the context otherwise requires or provision to the contrary is contained in regulations under section 16(3). **22**.
- (2) In the italic heading before section 15, omit “from outside the member States”.

12 Section 16 (application of customs enactments)

For section 16, substitute—

16 Application of customs enactments

- (1) The provision made by or under—
- (a) the Customs and Excise Acts 1986 (as defined in the Management Act); and
 - (b) the other enactments for the time being having effect generally in relation to duties of customs and excise charged by reference to the importation of goods into the Island,
- apply (so far as relevant) in relation to any VAT chargeable on the importation of goods into the Island as they apply in relation to any duty of customs or excise.
- (2) The provision made by section 1(4) for VAT on the importation of goods to be charged and payable as if it were import duty is to be taken as applying, in relation to any VAT chargeable on the importation of the goods, the provision made by or under Part 1 of the Taxation (Cross-border Trade) Act 2018 (of Parliament), as it has effect in the Island.
- (3) The Treasury may make by regulations—
- (a) provide for exceptions from the effect of subsection (1) or (2); or
 - (b) provide for the provision mentioned in subsection (1) or (2) to have effect with modifications specified in the regulations.
- (4) Subsections (1) and (2) do not apply so far as the context otherwise requires.
- (5) Regulations under section 15 of the Post Office Act 1993 (which provides for the application of customs enactments to postal packets) may make special provision in relation to VAT. **22**.

13 Section 16A (postal packets)

After section 16, insert—

16A Postal packets

- (1) The Treasury may by regulations impose a liability to VAT on a person outside the Island and United Kingdom in respect of the entry of goods into the Island if the person sent, or arranged for the sending of, the goods to their recipient in a postal packet (within the meaning of section 58 of the Post Office Act 1993).
- (2) The regulations may—
 - (a) provide that a liability to VAT arises only in relation to goods of a value described in the regulations;
 - (b) provide that in cases specified in the regulations, other persons are jointly and severally liable for the VAT; and
 - (c) provide that the entry of the goods into the Island is not an importation for the purposes of this Act.
- (3) Among the other provisions that may be made by the regulations, the regulations may make provision—
 - (a) requiring persons to register under the regulations for the purpose of accounting for VAT imposed under the regulations;
 - (b) modifying the application of this Act in relation to cases dealt with by the regulations; and
 - (c) requiring persons to provide information to the Treasury about the good or the person who sent, or arranged for the sending of, the goods.
- (4) Regulations under this section may make different provision for different purposes. **22**.

14 Section 17 (free zone regulations)

- (1) Section 17 (free zone regulations) is amended as follows.
- (2) In subsection (1), omit “from places outside the member States”.
- (3) In subsection (2), omit “Subject to any contrary provisions made by any EU provisions”.

15 Section 18 (place and time of acquisitions or supply)

- (1) Section 18 (place and time of acquisitions or supply) is amended as follows.
- (2) For subsection (1), substitute—
 - 13**(1) A supply of goods which are subject to a warehousing regime is to be treated, for the purposes of this Act, as taking place outside the Island and United Kingdom where—

- (a) those goods have been brought into the Island or United Kingdom;
 - (b) the material time of that supply is while those goods are subject to that regime and before the duty point; and
 - (c) those goods are not mixed with any dutiable goods which were produced or manufactured in the Island or United Kingdom. **22**.
- (3) For subsection (2)—
- (a) omit paragraph (a) (together with the “or” at the end); and
 - (b) in paragraph (b)(i), omit “or acquired from another member State”.
- (4) In subsection (3), omit “acquisition or” in both places.
- (5) In subsection (4)—
- (a) in the opening words, omit “acquisition or” in both places;
 - (b) in paragraph (a), omit “acquisition or”; and
 - (c) in paragraph (b), omit “in the case of a supply,”.
- (6) In subsection (6)—
- (a) in the definition of “dutiable goods”, in paragraph (b), omit “EU customs duty or”;
 - (b) in the definition of “the duty point”, in paragraph (b)—
 - (i) For the words from “any EU” to “be incurred”, substitute **23** import duty is incurred in respect of the goods **22**;
 - (ii) for the words from “the corresponding” to “duty or”, substitute **23** the time a debt in respect of any **22**; and
 - (iii) after “dutiable goods”, insert **23** is incurred in respect of the goods **22**;
 - (c) in the definition of “material time”—
 - (i) in paragraph (a), omit “acquisitions or” and “or 12(3)”; and
 - (ii) omit paragraph (b) (but not the “and” at the end of the paragraph); and
 - (d) in the definition of “warehouse”—
 - (i) in the opening words, for “any member State”, substitute **23** the United Kingdom **22**;
 - (ii) for paragraph (a), substitute—
 - 23**(a) import duty; **22**;
 - (iii) in paragraph (c) for “any member State”, substitute **23** the United Kingdom **22**; and
 - (iv) in paragraph (d), omit the words from “or any duty” to the end.

- (7) In subsection (7)—
 - (a) omit “(whether in the same or different member States)”; and
 - (b) omit “in a member State”.
- (8) In the heading, omit “acquisition or”.

16 Section 18A (fiscal warehouse)

In section 18A(4) (fiscal warehousing)²⁴—

- (a) in paragraph (b), omit “(as defined in the Management Act)”;
- (b) omit paragraphs (c) and (d);
- (c) in paragraph (e), for “(a) to (d)”, in both places it occurs, substitute **43**(a) and (b) **42**; and
- (d) in paragraph (f), for “(a) to (d)”, substitute **43**(a) and (b) **42**.

17 Section 18B (fiscally warehoused goods: relief)

- (1) Section 18B (fiscally warehoused goods: relief) is amended as follows.
- (2) Omit subsection (1).
- (3) In subsection (2), omit “also”.
- (4) In subsection (2A)²⁵, omit “(1)(d) or”.
- (5) In subsection (3), omit “acquisition or”.
- (6) In subsection (4), omit “acquisition or” in both places.
- (7) For subsection (5), substitute—
 - 43**(5) VAT is chargeable on a supply made by a person who is not a taxable person, but who would be were it not for paragraph 1(9) of Schedule 2, where—
 - (a) subsection (4) applies to that supply; and
 - (b) that supply is taxable and not zero-rated. **42**.
- (8) For subsection (6), substitute—
 - 43**(6) In this section “eligible goods” means goods—
 - (a) of a description falling within Schedule 5A,
 - (b) in the case of imported goods—
 - (i) upon which any import duty has been paid or deferred (by virtue of the customs and excise Acts or any subordinate legislation made under those Acts); and

²⁴ Sections 18A to 18F were inserted by SD 501/96.

²⁵ Subsection 18B (2A) was inserted by SD 0588/12.

- (ii) upon which any VAT chargeable under section 1(1)(c) has been paid, or deferred (by virtue of the customs and excise Acts or any subordinate legislation made under those Acts); and
 - (c) in the case of goods subject to a duty of excise, upon which any excise duty has been paid or deferred under section 134 of the Management Act. ²².
- (9) In subsection (7)—
- (a) for “an acquisition or supply”, substitute ²³a supply ²²; and
 - (b) for “the acquisition or supply”, substitute ²³the supply ²².

18 Section 18C (warehouses and fiscal warehouses: services)

In section 18C(4)(b) (warehouses and fiscal warehouses: services), for “EU customs provisions or warehousing regulations”, substitute ²³the customs and excise Acts or any statutory provision made under those Acts ²².

19 Section 18D (removal from warehousing: accountability)

- (1) Section 18D (removal from warehousing: accountability) is amended as follows.
- (2) In subsection (1), omit the words from “and any acquisitions” to the end.
- (3) In subsection (2)—
- (a) in the opening words, omit “or acquisition”; and
 - (b) in paragraph (a), omit “or acquisition”.

20 Section 18F (sections 18A to 18 E: supplementary)

In section 18F(1) (sections 18A to 18 E: supplementary)—

- (a) at the appropriate place, insert—
 - ²³“the customs and excise Acts” has the same meaning as in the Management Act; ²²;
- (b) in the definition of “material time”—
 - (i) in paragraph (a), omit “acquisition or” and “or 12(3)”; and
 - (ii) omit paragraph (b); and
- (c) omit the definition of “warehousing regulations”.

21 Section 18G (carrying on a third country goods fulfilment business)

- (1) Section 18G (carrying on a third country goods fulfilment business)²⁶ is amended as follows.

²⁶ Sections 18G to 18M were inserted by SD 2018/0111.

- (2) In subsection (1)—
- (a) in the opening words, for “a third country goods fulfilment business”, substitute **“an imported goods fulfilment business”**;
 - (b) in paragraph (a)—
 - (i) for “third country goods fulfilment business”, substitute **“imported goods fulfilment business”**; and
 - (ii) for “established in a member State”, substitute **“Island-established”**; and
 - (c) in paragraph (b)—
 - (i) for “third country goods fulfilment business”, substitute **“imported goods fulfilment business”**; and
 - (ii) for “established in a member State”, substitute **“Island-established”**.
- (3) In subsection (3), for “a third country goods fulfilment business”, substitute **“an imported goods fulfilment business”**.
- (4) For subsections (4) and (5), substitute—
- (4)** Goods are “imported goods” if they have been imported into the Island for the purposes of section 15 of this Act.

(5) A person is “Island-established” if the person’s business establishment is in the Island as determined for the purposes of section 9.
- (5) In the heading, for “a third county goods fulfilment business”, substitute **“an imported goods fulfilment business”**.

22 Section 18H (requirement for approval)

In section 18G (carrying on a third country goods fulfilment business), in subsections (1) to (3) and (5), for “a third country goods fulfilment business”, substitute **“an imported goods fulfilment business”**.

23 Section 18I (register of approved persons)

In section 18I(3) (register of approved persons), for “a third county goods fulfilment business”, substitute **“an imported goods fulfilment business”**.

24 Section 18K (offence)

In section 18K (offence), in subsections (1)(a) and (2)(a), for “a third country goods fulfilment business”, substitute **“an imported goods fulfilment business”**.

25 Section 18L (forfeiture)

In section 18L (forfeiture), in subsections (1)(a) and (2)(b), for “a third country goods fulfilment business”, substitute **63**an imported goods fulfilment business^{**22**}.

26 Section 18M (penalties)

Section 18M(1) (penalties), for “a third country goods fulfilment business”, substitute **63**an imported goods fulfilment business^{**22**}.

27 Section 18N (sections 18G to 18M: supplementary)

In section 18N(1)(d) (sections 18G to 18M: supplementary), for “a third country goods fulfilment business”, substitute **63**an imported goods fulfilment business^{**22**}.

28 Section 20 (valuation of acquisition from member States)

Omit section 20 (valuation of acquisition from member States).

29 Section 21 (value of imported goods)

- (1) Section 21 (value of imported goods) is amended as follows.
- (2) For subsection (1), substitute—

<ol style="list-style-type: none"> 63(1) For the purposes of this Act, the value of imported goods is (subject to subsections (2) to (4)) their value as if determined under the Taxation (Cross-border Trade) Act 2018 (of Parliament), as it has effect in the island, for the purposes of import duty (whether or not the goods are subject to import duty).^{22} 	
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- (3) In subsection (2)²⁷—
 - (a) in the opening words, omit “from a place outside the member States”; and
 - (b) in paragraph (c)—
 - (i) omit “from a place outside the member States”; and
 - (ii) for “, United Kingdom or a member State”, substitute **63**or United Kingdom^{**22**}.
- (4) In subsection (2A)²⁸—
 - (a) in paragraph (a), for “the procedure specified in subsection (2B)”, substitute **63**the temporary admission procedure under Part 1 of

²⁷ Subsection 21(2) was amended SD 645/06 and SD 79/96.

²⁸ Subsections 21(2A) and (2B) were inserted by SD 79/96.

the Taxation (Cross-border Trade) Act 2018 (of Parliament), as it has effect in the island ~~22~~; and

- (b) in paragraph (b), omit “from a place outside the member States”.
- (5) Omit subsection (2B).
- (6) In subsection (3)(a), omit “from a place outside the member States”.
- (7) In subsection (4)²⁹, omit “from a place outside the member States”.
- (8) In subsection (6D)³⁰, for “any goods imported from outside the member States”, substitute ~~23~~ imported goods ~~22~~.

30 Section 24 (input tax and output tax)

- (1) Section 24 (input tax and output tax) is amended as follows.
- (2) In subsection (1)—
 - (a) omit paragraph (b) (but not the “and” at the end of the paragraph); and
 - (b) in paragraph (c), omit “from a place outside the member States”.
- (3) In subsection (2), omit the words from “or on the acquisition” to the end.
- (4) In subsection (5)—
 - (a) in the opening words—
 - (i) omit “, goods acquired by a taxable person from a member State”; and
 - (ii) omit “from a place outside the member States”; and
 - (b) in paragraph (a)³¹, omit “acquisitions”.
- (5) In subsection (6)—
 - (a) in paragraph (a)—
 - (i) omit “, VAT on the acquisition of goods by a taxable person from member States”; and
 - (ii) omit “from places outside the member States”;
 - (b) in paragraph (b)—
 - (i) omit “or the acquisition of goods by him from a member State”;
 - (ii) omit “from places outside the member States”; and
 - (iii) omit “, acquisition”; and
 - (c) in paragraph (c), omit “, acquisition”.

²⁹ Subsection 21(4) inserted by SD 79/96, and amended by SD 503/99 and SD 534/10.

³⁰ Subsection 21(6D) was inserted by SD 503/99, and amended by SD 153/09.

³¹ Subsection 24(5)(a) was amended by SD 0012/11.

31 Section 25 (payment by reference to accounting periods and credit for input tax against output tax)

- (1) Section 25 (payment by reference to accounting periods and credit for input tax against output tax) is amended as follows.
- (2) In subsection (1), omit paragraph (b) (together with the “and” before that paragraph).
- (3) In subsection (7)—
 - (a) in the opening words, omit “, acquisitions”; and
 - (b) in paragraph (a), omit “acquired or” and, in both places, omit “, acquired”.

32 Section 26 (input tax allowable under section 25)

In section 26(1) (input tax allowable under section 25), omit “, acquisitions”.

33 Section 27 (goods imported for private purposes)

In section 27(1) (goods imported for private purposes), omit “from a place outside the member States”.

34 Section 29A (reduced rate)

- (1) Section 29A (reduced rate)³² is amended as follows.
- (2) In subsection (1) (b), omit “acquisition or”.
- (3) For subsection (2), substitute—

☐(2) The reference in subsection (1) to an equivalent importation, in relation to any supply that is of a description for the time being specified in Schedule 1, is a reference to any importation of any goods the supply of which would be such a supply. ☐.

35 Section 30 (zero-rating)

- (1) Section 30 (zero-rating) is amended as follows.
- (2) In subsection (3), for the words from “acquired in the Island” to “importation,”, substitute ☐imported, no VAT shall be chargeable on their importation ☐.
- (3) In subsection (5)³³, omit “to a place outside the member States”.
- (4) In subsection (6) (a), omit “to a place outside the member States”.
- (5) In subsection (8), for paragraph (a), substitute—

³² Section 29A was inserted by SD 270/01.

³³ Subsection 30(5) was substituted by SD 79/96.

33(a) the Treasury is satisfied that the goods have been or are to be exported to such a place as may be specified in the regulations; and 32.

- (6) Omit subsection (8A)³⁴.
- (7) In subsection (9), for “removed from the Island”, substitute 33 exported 32.
- (8) In subsection (10)³⁵—
- (a) in the opening words, for “subsection (8), (8A) or (9)”, substitute 33 subsection (8) or (9) 32;
- (b) in paragraph (a), omit “or otherwise removed from the Island”; and
- (c) in paragraph (b), for “subsection (6), (8), (8A) or (9)”, substitute 33 subsection (6), (8) or (9) 32.

36 Section 31 (exempt supplies and acquisitions)

- (1) Section 31 (exempt supplies and acquisitions) is amended as follows.
- (2) In subsection (1), omit the words from “and an acquisition” to the end.
- (3) In the heading, omit “and acquisitions”.

37 Section 33 (refunds of VAT in certain cases)

- (1) Section 33 (refunds of VAT in certain cases) is amended as follows.
- (2) In subsection (1)—
- (a) for paragraph (a) (together with the “and” at the end of the paragraph), substitute—
- 33(a) VAT is chargeable on the supply of goods or services to, or on the importation of goods by, a body to which this section applies; and 32;
- (b) in paragraph (b), omit “acquisition”.
- (3) In subsection (2)—
- (a) omit “or acquired” in both places; and
- (b) omit “or acquisition”.

38 Section 33A (refunds of VAT to museums and galleries)

- (1) Section 33A (refunds of VAT to museums and galleries)³⁶ is amended as follows.

³⁴ Subsection 30(8A) was inserted by SD 501/96.

³⁵ Subsection 30(10) was amended by SD 501/96.

³⁶ Section 33A was inserted by SD 270/01.

- (2) In subsection (1)—
- (a) for paragraph (a), substitute—
- (a) VAT is chargeable on the supply of goods or services to, or on the importation of goods by, a body to which this section applies;³⁷
- (b) in paragraph (b), omit “, acquisition”; and
- (c) in paragraph (c), omit “acquisition or”.
- (3) In both subsection (4)(a)³⁷ and (4)(b), omit “acquisition or”.
- (4) In subsection (6), omit “or acquired” in both places.
- (5) In subsection (8)(b)(ii), omit “acquisitions and”.

39 Section 33B (refunds of VAT to charities within section 33C)

- (1) Section 33B (refunds of VAT to charities within section 33C)³⁸ is amended as follows.
- (2) In subsection (2)—
- (a) for paragraph (a) (together with the “and” at the end of the paragraph), substitute—
- (a) VAT is chargeable on the supply of goods or services to, or on the importation of goods by, a qualifying charity; and³⁸ and
- (b) in paragraph (b), omit “, acquisition”.
- (3) In subsection (4)—
- (a) for “supply, acquisition or”, substitute “supply or³⁸”; and
- (b) for “the acquisition or importation”, substitute “the importation³⁸”.
- (4) In subsection (5), omit “or acquired” in both places.
- (5) In subsection (6), omit “or acquisition”.

40 Section 34 (capital goods)

- (1) Section 34 (capital goods) is amended as follows.
- (2) In subsection (1), omit “, acquisition”.
- (3) In subsection (2), omit “, acquired”.

³⁷ Subsection 33A(4) was amended by SD 219/09.

³⁸ Section 33B was inserted by SD 2015/0159.

41 Section 35 (refund of VAT to persons constructing certain buildings)

- (1) Section 35 (refund of VAT to persons constructing certain buildings)³⁹ is amended as follows.
- (2) In subsection (1)(c), omit “, acquisition”.
- (3) Omit subsection (3).

42 Section 36A (relief from VAT an acquisition if importation would attract relief)

Omit section 36A (relief from VAT an acquisition if importation would attract relief)⁴⁰ and the italic heading before that section.

43 Section 37 (relief from VAT on importation of goods)

- (1) Section 37 (relief from VAT on importation of goods) is amended as follows.
- (2) In subsection (1)—
 - (a) omit “from places outside the member States”; and
 - (b) omit the words from “, if and so” to the end.
- (3) In subsection (2)(a), omit “from a place outside the member States”.
- (4) In subsection (3)—
 - (a) omit “from places outside the member States”; and
 - (b) omit “from the Island or removed from any member State”.
- (5) In subsection (4)—
 - (a) in the opening words—
 - (i) omit “from places outside the member States”; and
 - (ii) omit “or otherwise removed from the Island”; and
 - (b) omit paragraph (b).

44 Section 38 (importation of goods by a taxable person)

Section 38 (importation of goods by a taxable person) is amended as follows —

- (a) omit “from a place outside the member States”; and
- (b) omit “or on the acquisition of goods by him from member States”.

³⁹ Subsection 35(1) was substituted by SD 375/96.

⁴⁰ Section 36A was inserted by SD 518/02.

45 Section 39 (repayment of VAT to those in business overseas)

In section 39 (repayment of VAT to those in business overseas), for subsections (1) and (2), substitute—

- 66**(1) The Treasury may, by means of a scheme embodied in regulations, provide for the repayment, to persons carrying on business wholly outside the Island or United Kingdom, of VAT which would be input tax of theirs if they were taxable persons in the Island or United Kingdom.
- (2) The scheme may make different provisions in relation to persons carrying on business in different places. **62**.

46 Section 39A (applications for forwarding of VAT repayment claims to member States)

Omit section 39A (applications for forwarding of VAT repayment claims to member States)⁴¹.

47 Section 40 (refunds in relation to new means of transport supplied to member States)

Omit section 40 (refunds in relation to new means of transport supplied to member States).

48 Section 41 (application to the Crown)

- (1) Section 41 (application to the Crown) is amended as follows.
- (2) In subsection (3)—
 - (a) omit “, on the acquisition of any goods by a Government authority from a member State”;
 - (b) omit “from a place outside the member States”; and
 - (c) omit “, acquisition”.
- (3) In subsection (4), omit “, acquisition”.

49 Section 41A (supply of goods or services by public bodies)

- (1) Section 41A (supply of goods or services by public bodies)⁴² is amended as follows.
- (2) In subsection (1), for the words from “body” to “taxable persons)”, substitute **63**public authority **62**.
- (3) For subsection (2), substitute—

⁴¹ Section 39A was inserted by SD 596/09.

⁴² Section 41A was inserted by SD 588/12.

- 43(2) Unless the supply is on such a small scale as to be negligible, it is to be treated for the purposes of this Act as a supply in the course or furtherance of a business if it is in respect of any of the following activities—
- (a) telecommunication services;
 - (b) supply of water, gas, electricity or thermal energy;
 - (c) transport of goods;
 - (d) ports or airport services;
 - (e) passenger transport;
 - (f) supply of new goods manufactured for sale;
 - (g) engaging in transactions in respect of agricultural products in the exercise of regulatory functions;
 - (h) organisation of trade fairs or exhibitions;
 - (i) warehousing;
 - (j) activities of commercial publicity bodies;
 - (k) activities of travel agents;
 - (l) running of staff shops, cooperatives, industrial canteens, or similar institution; or
 - (m) activities carried out by radio and television bodies which are of a commercial nature. 44.

- (4) Omit subsection (4).

50 Section 43 (groups of companies)

- (1) Section 43 (groups of companies) is amended as follows.
- (2) In subsection (1), for paragraph (c), substitute—

- 43(c) any VAT paid or payable by a member of the group on the importation of goods shall be treated as paid or payable by the representative member and the goods shall be treated, for the purpose of sections 38 and 73(7), as imported by the representative member; 44.

- (3) In subsection (1A)⁴³—
- (a) in paragraph (a), omit “acquired or”;
 - (b) in paragraph (b), omit “, acquisition”;
 - (c) in paragraph (c)(ii), omit “, acquisition”; and
 - (d) in the words after paragraph (c), omit “, acquisition”.

⁴³ Subsection 43(1A) was inserted by SD 708/96.

51 Section 44 (supplies to groups)

- (1) Section 44 (supplies to groups) is amended as follows.
- (2) In subsection (2), in the opening words, omit “acquisitions and “.
- (3) In subsection (9), omit “acquisitions or”.

52 Section 45 (partnerships)

- (1) Section 45 (partnerships) is amended as follows.
- (2) In subsection (1)—
 - (a) omit paragraph (b) (together with the “or” before it); and
 - (b) in the words after that paragraph, omit “or are acquired by such persons from a member State”.
- (3) In subsection (2), omit “or on the acquisition of goods by the partnership from a member State”.
- (4) In subsection (5), omit “or on the acquisition during that period by the firm of any goods from a member State”.

53 Section 46 (business carried on in division or by unincorporated bodies, personal representatives etc)

- (1) Section 46 (business carried on in division or by unincorporated bodies, personal representatives etc) is amended as follows.
- (2) In subsection (3), omit “or whether goods are acquired by such a club, association or organisation from a member State”.
- (3) Omit subsection (6).

54 Section 47 (agents etc)

- (1) Section 47 (agents etc) is amended as follows.
- (2) For subsection (1), substitute—
 - 66**(1) Where goods are imported by a taxable person (“T”) who supplies them as an agent for a person who is not a taxable person, then, if T acts in relation to the supply in T’s own name, the goods are to be treated for the purpose of this Act as imported and supplied by T as principal. **62**.
- (3) In subsection (4)⁴⁴, after “through an agent,” insert **66** acting in the agents own name, **62**.
- (4) Omit subsection (5).

⁴⁴ Subsections 47(4) and (5) were inserted by SD 2014/0293.

55 Section 48 (VAT representative and security)

- (1) Section 48 (VAT representative and security) is amended as follows.
- (2) In subsection (1)(a), omit “or who acquired goods in the Island from one or more member States”.
- (3) For subsections (1A) and (1B), substitute—
 - 33**(1A) The condition mentioned in subsection (1)(ba) is that there are no arrangements relating to VAT in relation to the country or territory.
 - (1B) For the purposes of subsection (1A), arrangements are **“arrangements relating to VAT”** if they relate to —
 - (a) the exchange of information relevant to the administration, enforcement or recovery of VAT;
 - (b) the recovery of debts relating to VAT; or
 - (c) the service of documents relating to VAT. **32**

56 Section 50A (margin schemes)

In section 50A(5) (margin schemes)⁴⁵, omit “, acquisition”.

57 Section 52 (trading stamps schemes)

In section 52 (trading stamps schemes)—

- (a) in the opening words—
 - (i) for “sections 19 and 20 and Schedules 7 and 8”, substitute **33**section 19 and Schedule 7 **32**; and
 - (ii) for “in those sections and Schedules)”, substitute **33**in that section and Schedule) **32**;
- (b) omit paragraph (b) (together with the “or” before it; and
- (c) in the words after that paragraph—
 - (i) omit “or acquired”; and
 - (ii) omit “or under any scheme of an equivalent description which is in operation in a member State”.

58 Section 54 (farmers etc)

For section 54(8) (farmers etc), substitute—

- 33**(8) In this section “designated activities” means activities relating to farming, fisheries or forestry which are designated in an order made by the Treasury. **32**

⁴⁵ Section 50A was inserted by SD 79/96.

59 Section 55A (customers to account for tax on supplies of goods or services of a kind used in missing trader intra-EU fraud)

In section 55A (customers to account for tax on supplies of goods or services of a kind used in missing trader intra-EU fraud)⁴⁶, in the heading, omit “intra-EU”.

60 Section 58 (general provisions relating to the administration and collection of VAT)

In section 58 (general provisions relating to the administration and collection of VAT), for “90(6)”, substitute **58ZA(5)(a)**.

61 Section 58ZA (international VAT arrangements)

After Section 58, insert—

58ZA International VAT arrangements

- (1) The Treasury may make regulations imposing obligations on taxable persons for the purpose of giving effect to international VAT arrangements.
- (2) The regulations may require the submission to the Treasury by taxable persons of statements containing such particulars of—
 - (a) relevant transactions in which the taxable persons are concerned; and
 - (b) the persons concerned in those transactions,
 as may be specified in the regulations.
- (3) The regulations may provide for statements about relevant transactions to be submitted as such times and intervals; in such cases and in such form and manner as may be specified—
 - (a) in the regulations; or
 - (b) by the Treasury in accordance with the regulations.
- (4) A transaction is a “**relevant transaction**” for the purposes of this section if information about it could be relevant to any international VAT arrangements.
- (5) If any international VAT arrangements have effect—
 - (a) any Schedule 12 information power is exercisable with respect to matters that are relevant to those arrangements as it is exercisable with respect to matters that are relevant for any of the purposes of this Act; and

⁴⁶ Section 55A was inserted by SD 441/07.

- (b) any power of an officer to obtain information or documents under any enactment or subordinate legislation relating to VAT is exercisable in relation to matters which are relevant to those arrangements.
- (6) The Treasury may disclose information which is obtained as a result of subsection (5) (and no obligation of secrecy, whether imposed by statute or otherwise, prevents such disclosure) if—
- (a) the disclosure is required in accordance with the international VAT arrangements; and
- (b) the Treasury is satisfied that the recipient is bound, or has undertaken, both to observe rules of confidentiality which are no less strict than those applying to the information in the Island and to use the information only for the purposes contemplated by the arrangements.
- (7) Powers are exercisable as a result of subsection (5) only if the Treasury has given (and not withdrawn) a direction in writing authorising their use (either generally or in relation to specified cases).
- (8) The Treasury may not make regulations under this section, or give a direction under subsection (7), unless they consider that making the regulations or giving the direction would facilitate the administration, collection or enforcement of VAT.
- (9) In this section—
- “**international VAT arrangements**” means arrangements which relate to VAT, or any tax corresponding to VAT, imposed under the law of the territory, or any of the territories, in relation to which the arrangements have been made, and
- “**Schedule 12 information power**” means any power of the Treasury under Schedule 12 relating to—
- (a) the keeping of accounts;
- (b) the making of returns and the submission of other documents to the Treasury;
- (c) the production, use and contents of invoices;
- (d) the keeping and preservation of records; and
- (e) the furnishing of information and the production of documents. **22**.

62 Section 62 (incorrect certificates as to zero-rating etc)

- (1) Section 62 (incorrect certificates as to zero-rating etc)⁴⁷ is amended as follows.
- (2) Omit subsection (1A).
- (3) In subsection (2), omit paragraph (b).

63 Section 65 (inaccuracies in EC sales statements or in statements relating to section 55A)

- (1) Section 65 (inaccuracies in EC sales statements or in statements relating to section 55A) is amended as follows.
- (2) In subsection (1)—
 - (a) in paragraph (a), for “an EC sales statement”, substitute **“a section 55A statement”**;
 - (b) in paragraph (c), for “another EC sales statement”, substitute **“another section 55A statement”**; and
 - (c) in paragraph (f), for “another EC sales statement”, substitute **“another section 55A statement”**.
- (3) In subsection (2), for “an EC sales statement”, substitute **“a section 55A statement”**.
- (4) In subsection (3), for “an EC sales statement”, substitute **“a section 55A statement”**.
- (5) For subsections (6) and (7)⁴⁸, substitute—

“(6) In this section—

“section 55A statement” means a statement which is required to be submitted to the Treasury in accordance with regulations under paragraph 2(3A) of Schedule 12; and

“submission date”, in relation to a section 55A statement, means whichever is the earlier of the last day for the submission of the statement to the Treasury in accordance with those regulations and the day on which it was in fact submitted to it. **”**
- (6) For the heading⁴⁹, substitute **“Inaccuracies in section 55A statements”**.

⁴⁷ Section 62 was amended by SD 501/96, SD 503/99 and SD 2017/0135.

⁴⁸ Subsection 65(7) was inserted by SD 538/07.

⁴⁹ The heading of section 65 was amended by SD 538/07.

64 Section 66 (failure to submit EC sales statement or statement relating to section 55A)

- (1) Section 66 (failure to submit EC sales statement or statement relating to section 55A) is amended as follows.
- (2) In subsection (1), for “an EC sales statement”, substitute **“a section 55A statement”**.
- (3) In subsection (2), for “any EC sales statement”, substitute **“any section 55A statement”**.
- (4) In subsection (3)(b), for “any EC sales statement”, substitute **“any section 55A statement”**.
- (5) In subsection (4)(b), for “any EC sales statement”, in both places where the words occur, substitute **“any section 55A statement”**.
- (6) In subsection (7)⁵⁰—
 - (a) in paragraph (a), for “an EC sales statement”, substitute **“a section 55A statement”**; and
 - (b) in the words after paragraph (b), omit “, 75”.
- (7) For subsections (9) and (10)⁵¹, substitute—

“(9) In this section, “section 55A statement” means a statement which is required to be submitted to the Treasury in accordance with regulations under paragraph 2(3A) of Schedule 12. ”
- (8) For the heading, substitute **“Failure to submit section 55A statement”**.

65 Section 69 (breaches of regulatory provisions)

In section 69(1)(a) (breaches of regulatory provisions)⁵², for “, paragraph 5 of Schedule 3, paragraph 5 of Schedule 3A or paragraph 5 of Schedule 4”, substitute **“or paragraph 5 of Schedule 3A ”**.

66 Section 69C (transactions connected with VAT fraud)

In section 69C(6) (transactions connected with VAT fraud)⁵³, in the words after paragraph (b)—

- (a) for “(whether before or after the coming into operation of this section) in other cases”, substitute **“in any other cases”**; and
- (b) after “VAT system”, insert—

⁵⁰ Subsection 66(7) was amended by SD 250/09.

⁵¹ Subsection 66(10) was inserted and the heading to section 66 was amended by SD 441/07.

⁵² Subsection (1)(a) amended by SD 168/00.

⁵³ Section 69C was inserted by SD 2018/0024.

which were decided before the coming into operation of section 42 of the Taxation (Cross-border Trade) Act 2018 (of Parliament), as it has effect in the Island.

67 Section 70 (mitigation of penalties under sections 60, 63, 64, 67, 69A and 69C)

In section 70(1)⁵⁴, for “section 60, 63, 64, 67 or 69A or under paragraph 10 of Schedule 11A,” substitute —

- (a) section 60, 63, 64, 67 or 69A;
- (b) paragraph 10 of Schedule 11A; or
- (c) Part 2 of Schedule 11B.

68 Section 72 (offences)

- (1) Section 72 (offences) is amended as follows.
- (2) In subsection (2)—
 - (a) in paragraph (b), for “35, 36 or 40”, substitute 35 or 36;
 - (b) omit paragraph (c); and
 - (c) in paragraph (ii), for “(b), (c) or (d)”, substitute (b) or (d).
- (3) In subsection (5), in paragraph (a)—
 - (a) for “35, 36 or 40”, substitute 35 or 36; and
 - (b) omit “for a refund under any regulations made by virtue of section 13(5)”.
- (4) In subsection (10)—
 - (a) omit “, on the acquisition of the goods from a member State”; and
 - (b) omit “from a place outside the member States”.

69 Section 73 (failure to make returns etc)

- (1) Section 73 (failure to make returns etc) is amended as follows.
- (2) In subsection (3)(b)⁵⁵, for “, paragraph 6(2) of Schedule 3, paragraph 6(1) or (2) of Schedule 3A or paragraph 6(2) of Schedule 4”, substitute “or paragraph 6(1) or (2) of Schedule 3A”.
- (3) In subsection (7)—
 - (a) in paragraph (a), omit “, acquired any goods from a member State”;

⁵⁴ Subsection 70(1) was amended by SD 540/00 and SD 568/04.

⁵⁵ Subsection 73(3)(b) was amended by SD 168/00 and SD 0588/12.

- (b) in paragraph (b), omit “from a place outside the member States”; and
- (c) in the words after paragraph (b), omit “or otherwise removed from the Island without being exported or so removed by way of supply”.

70 Section 74 (interest on VAT recovered or recoverable by assessment)

In section 74(1)(c) (interest on VAT recovered or recoverable by assessment)⁵⁶, for “, under paragraph 7 of Schedule 3A or under paragraph 8 of Schedule 4”, substitute **63** or under paragraph 7 of Schedule 3A **62**.

71 Section 75 (assessments in cases of acquisitions of certain goods by non-taxable persons)

Omit section 75 (assessments in cases of acquisitions of certain goods by non-taxable persons).

72 Section 76 (assessment of amounts due by way of penalty, interest or surcharge)

Omit subsection 76(6) (assessment of amounts due by way of penalty, interest or surcharge).

73 Section 77 (assessments: time limits and supplementary assessments)

- (1) Section 77 (assessments: time limits and supplementary assessments) is amended as follows.
- (2) In subsection (1)⁵⁷—
 - (a) in the opening words, omit “, 75”; and
 - (b) in paragraph (a), omit “or acquisition”.
- (3) In subsection (4)⁵⁸, omit “, acquisition”.
- (4) In subsection (4A)(d), for “12A”, substitute **63** 11A **62**.
- (5) In subsection (4C)—
 - (a) in paragraph (aa), after “Schedule 2A,” insert **63** or **62**; and
 - (b) omit paragraphs (b), (d) and (e) (together with the “and” before paragraph (e)).
- (6) In subsection (6), omit “or 75(2)(b)”.

⁵⁶ Subsection 74(1)(c) was amended by SD 168/00 and SD 0588/12.

⁵⁷ Subsection 77(1) was amended by SD 219/09.

⁵⁸ Subsections 77(4),(4A) and (4C) were substituted by SD 693/08.

74 Section 77E (interest)

In section 77E (1) (interest)⁵⁹, after “section 77C”, insert **63** or 77CA **62**.

75 Section 78A (assessment for interest overpayments)

In section 78A(7)(a) (assessment for interest overpayments)⁶⁰, for “(6)”, substitute **63**(5) **62**.

76 Section 80 (credit for, or repayment of, overstated or overpaid VAT)

In section 80(3C)(a) (credit for, or repayment of, overstated or overpaid VAT)⁶¹, in the definition of “VAT provisions”, omit “or Community legislation”.

77 Section 83 (appeals)

In section 83(1) (appeals)⁶²—

- (a) in paragraph (b)—
 - (i) omit “, on the acquisition of goods from a member State”; and
 - (ii) omit “from a place outside the member States”;
- (b) omit paragraph (d);
- (c) omit paragraph (j);
- (d) in paragraph (p), omit sub-paragraph (iii) (together with the “or” before that sub-paragraph);
- (e) omit paragraph (w); and
- (f) after (zc) insert —
 - 63**(zd) any liability to a penalty under paragraph 37 of Schedule 11B, any liability to a penalty under paragraph 43 of that Schedule or the amount of such a penalty, any assessment under paragraph 44 of that Schedule or the amount of such an assessment; **62**.

78 Section 84 (further provisions relating to appeals)

In section 84(4)(c) (further provisions relating to appeals), omit “, acquisition”.

79 Section 88 (supplies spanning change of rate etc)

- (1) Section 88 (supplies spanning change of rate etc) is amended as follows.
- (2) In subsection (1), omit “or exempt or zero-rate acquisitions”.

⁵⁹ Section 77E was inserted by SD 2016/0274.

⁶⁰ Section 78A was inserted by SD 708/96.

⁶¹ Subsection 80(3C) was inserted by SD 224/97.

⁶² Section 83 was amended by SD 568/04 and SD 218/09.

- (3) Omit subsections (4) and (7).
- (4) After subsection (7), insert —
 - 83(8) References in this section to a supply being a reduced-rate supply are references to a supply being one on which VAT is charged at the rate in operation under section 29A 82.

80 Section 90 (taxation under the laws of member States etc).

Omit section 90 (taxation under the laws of member States etc).

81 Section 91 (territories included in references to member States etc)

Omit section 91 (territories included in references to member States etc).

82 Section 93 (meaning of “new means of transport”)

Omit section 93 (meaning of “new means of transport”).

83 Section 94 (other interpretative provisions)

- (1) Section 94 (other interpretative provisions) is amended as follows.
- (2) In subsection (1)—
 - (a) omit the definition of “member State”;
 - (b) at the appropriate place, insert—
 - 83“import duty” means import duty charged in accordance with Part 1 of the Taxation (Cross-Border Trade) Act 2018 (of Parliament), as it has effect in the Island; 82;
 - (c) omit the definition of “taxable acquisition”; and
 - (d) for the definition of “VAT”, substitute—
 - 83“VAT” means value added tax charged in accordance with this Act; 82.
- (3) Omit subsection (3).

84 Schedule 2 (registration in respect of taxable supplies: Island establishment)

- (1) Schedule 2 (registration in respect of taxable supplies: Island establishment) is amended as follows.
- (2) In paragraph 1 —

- (a) in sub-paragraph (4)(a)⁶³, for “, paragraph 6(2) of Schedule 3, paragraph 6(2) of Schedule 3A or paragraph 6(3) of Schedule 4”, substitute **33** or paragraph 6(2) of Schedule 3A **32**;
 - (b) in sub-paragraph (5)⁶⁴, for “, paragraph 6(2) of Schedule 3, paragraph 6(2) of Schedule 3A or paragraph 6(3) of Schedule 4”, substitute **33** or paragraph 6(2) of Schedule 3A **32**;
 - (c) in sub-paragraph (7), omit “and any taxable supplies which would not be taxable supplies apart from section 7(4)” and
 - (d) in sub-paragraph (9), omit “acquisition or”.
- (3) In paragraph 2(7), omit paragraph (c).
 - (4) In paragraph 4(3), omit “and any taxable supplies which would not be taxable supplies apart from section 7(4)”.
 - (5) In paragraph 13, omit sub-paragraph (8)⁶⁵.

85 Schedule 2A (registration in respect of taxable supplies by non-Island establishment)

- (1) Schedule 2A (registration in respect of taxable supplies by non-Island establishment)⁶⁶ is amended as follows.
- (2) For paragraph 3(a) to (e), substitute —
 - 33**(a) paragraph 11;
 - (b) paragraph 13(3) of Schedule 2; or
 - (c) paragraph 6(2) of Schedule 3A. **32**.
- (3) Omit paragraph 12.

86 Schedule 3 (registration in respect of supplies from member States).

Omit Schedule 3 (registration in respect of supplies from member States).

87 Schedule 3A(1) (registration in respect of disposals of assets for which a VAT repayment is claimed)

In Schedule 3A(1) (registration in respect of disposals of assets for which a VAT repayment is claimed)⁶⁷,—

- (a) in sub-paragraph (1)⁶⁸, for “Schedule 2, 2A, 3 or 4”, substitute **33** Schedule 2 or 2A **32**; and

⁶³ Subparagraph (1)(4)(a) of Schedule 2 was amended by SD 168/00.

⁶⁴ Subparagraph (5) of Schedule 2 was amended by SD 168/00.

⁶⁵ Subparagraph (13)(8) of Schedule 2 was inserted by SD 264/03.

⁶⁶ Schedule 2A was inserted by SD 588/12.

⁶⁷ Schedule 3A was inserted by SD 168/00.

- (b) in sub-paragraph (2), for the words from “, paragraph 11 of Schedule 2A” to the end, substitute “or paragraph 11 of Schedule 2A”.

88 Schedule 3B (supply of electronic services in member States: special accounting scheme)

Omit Schedule 3B (supply of electronic services in member States: special accounting scheme)⁶⁹.

89 Schedule 4 (registration in respect of acquisitions from member States).

Omit Schedule 4 (registration in respect of acquisitions from member States).

90 Schedule 4A (place of supply of services: special rules)

- (1) Schedule 4A (place of supply of services: special rules)⁷⁰ is amended as follows.
- (2) In paragraph 3—
- (a) in sub-paragraph (3)—
- (i) in paragraph (b), for “in a country which is not a member State”, substitute “outside the Island and United Kingdom”; and
- (ii) in the words after that paragraph, for “in that country”, substitute “outside the Island and United Kingdom”; and
- (b) in sub-paragraph (4)(a), for “in a country which is not a member State”, substitute “outside the Island and United Kingdom”.
- (3) In the heading for paragraph 5, omit “: general”.
- (4) For paragraph 5, substitute—
- “(5) A supply of restaurant or catering services is to be treated as made in the country in which the services are physically carried out.”
- (5) Omit paragraph 6.
- (6) In paragraph 7—
- (a) in sub-paragraph (1)—
- (i) in paragraph (b), for “in a country which is not a member State”, substitute “outside the Island and United Kingdom”; and

⁶⁸ Subparagraphs (1)(1) and (1)(2) of Schedule 3A were amended by SD 0588/12.

⁶⁹ Schedule 3B was inserted by SD 264/03.

⁷⁰ Schedule 4A was inserted by SD 596/09.

- (ii) in the words after that paragraph, for “in that country”, substitute “outside the Island and United Kingdom”; and
 - (b) in sub-paragraph (2)(a), for “in a country which is not a member State”, substitute “outside the Island and United Kingdom”.
- (7) In paragraph 8—
 - (a) in sub-paragraph (3)—
 - (i) in paragraph (b), for “in a country which is not a member State”, substitute “outside the Island and United Kingdom”; and
 - (ii) in the words after that paragraph, for “in that country”, substitute “outside the Island and United Kingdom”; and
 - (b) in sub-paragraph (4)(a), for “in a country which is not a member State”, substitute “outside the Island and United Kingdom”.
- (8) In paragraph 9—
 - (a) in sub-paragraph (1)—
 - (i) in paragraph (b), for “in a country which is not a member State”, substitute “outside the Island and United Kingdom”; and
 - (ii) in the words after that paragraph, for “in that country”, substitute “outside the Island and United Kingdom”; and
 - (b) in sub-paragraph (2)(a), for “in a country which is not a member State”, substitute “outside the Island and United Kingdom”.
- (9) In paragraph 9B⁷¹—
 - (a) in paragraph (b), for “outside the member States”, substitute “outside the Island and United Kingdom”; and
 - (b) in the words after that paragraph, for “wholly outside the member States”, substitute “outside the Island and United Kingdom”.
- (10) In paragraph 9C, in sub-paragraph (1)—
 - (a) in paragraph (b), for “outside the member States”, substitute “outside the Island and United Kingdom”; and
 - (b) in the words after that paragraph, for “wholly outside the member States”, substitute “outside the Island and United Kingdom”.
- (11) In paragraph 9D⁷²—

⁷¹ Paragraphs 9B and 9C of Schedule 4A were inserted by SD 0693/12.

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- (a) in sub-paragraph (2)—
 - (i) in paragraph (b), for “outside the territories of the member States”, substitute **“outside the Island and United Kingdom”**; and
 - (ii) in the words after that paragraph, for “where it is used and enjoyed”, substitute **“outside the Island and United Kingdom”**; and
 - (b) in sub-paragraph (3)(a), for “outside the territories of the member States”, substitute **“outside the Island and United Kingdom”**.
- (12) In paragraph 9E⁷³—
- (a) in sub-paragraph (3)—
 - (i) in paragraph (b), for “in a country which is not a member State”, substitute **“outside the Island and United Kingdom”**; and
 - (ii) in the words after that paragraph, for “in that country”, substitute **“outside the Island and United Kingdom”**; and
 - (b) in sub-paragraph (4)(a), for “in a country which is not a member State”, substitute **“outside the Island and United Kingdom”**.
- (13) In the heading for paragraph 11, omit “: general”.
- (14) In paragraph 11, omit sub-paragraph (3).
- (15) Omit paragraph 12.
- (16) In paragraph 15 —
- (a) in sub-paragraph (1), omit “sub-paragraph (3) and”; and
 - (b) omit sub-paragraphs (3) to (7)⁷⁴.
- (17) In the heading for paragraph 16, for “European Union”, substitute **“the Isle of Man and United Kingdom”**.
- (18) In paragraph 16—
- (a) in sub-paragraph (1)(b), for “which is not a member State”, substitute **“other than the Island or the United Kingdom”**; and
 - (b) in sub-paragraph (2)(f)(i)—
 - (i) for “situated within the territory of a member State”, substitute **“in the Island or United Kingdom”**; and
 - (ii) for “such a system”, substitute **“a natural gas system in the Island or United Kingdom”**.
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⁷² Paragraph 9D of Schedule 4A was inserted by SD 2016/0241.

⁷³ Paragraph 9E of Schedule 4A was inserted by SD 2017/0227.

⁷⁴ Paragraph 15 of Schedule 4A was amended by SD 2014/0337 and SD 2018/0335.

91 Schedule 5 (matters to be treated as supply of goods or services)

- (1) Schedule 5 (matters to be treated as supply of goods or services) is amended as follows.
- (2) In paragraph 5(5)(a)⁷⁵, omit “, acquisition”.
- (3) Omit paragraph 6.
- (4) In paragraph 8(2)(a), for the words from “, their acquisition” to the end, substitute **“**or their importation into the Island **”**.

92 Schedule 5A (goods eligible to be fiscally warehoused)

In Schedule 5A (goods eligible to be fiscally warehoused)⁷⁶, for the heading of the second column, substitute **“**customs tariff (within the meaning of the Taxation (Cross-Border Trade) Act 2018 (of Parliament), as it has effect in the Island) code **”**.

93 Schedule 5B (third country goods fulfilment businesses: penalty)

- (1) Schedule 5B (third country goods fulfilment businesses: penalty)⁷⁷ is amended as follows.
- (2) In paragraph 1(1)(a), for “a third country goods”, substitute **“**an imported goods **”**.
- (3) In the heading of the Schedule, for “THIRD COUNTRY GOODS”, substitute **“**IMPORTED GOODS **”**.

94 Schedule 7 (valuation: special cases)

- (1) Schedule 7 (valuation: special cases) is amended as follows.
- (2) In paragraph 1A⁷⁸—
 - (a) in sub-paragraph (4)—
 - (i) in the definition of “motor dealer”, omit “or acquiring from a member State”; and
 - (ii) in the definition of “stock in trade”, for paragraphs (a) and (b), substitute—

<ol style="list-style-type: none"> “(a) produced by a motor manufacturer, or supplied to or imported by a motor dealer, for the purpose of resale; and 	<ol style="list-style-type: none"> ”
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⁷⁵ Paragraph 5(5)(a) of Schedule 5 was amended by SD 168/00.

⁷⁶ Schedule 5A was inserted by SD 501/96.

⁷⁷ Schedule 5B was inserted by SD 2018/0111.

⁷⁸ Paragraph 1A of Schedule 7 was inserted by SD 571/04.

- (b) intended to be sold within 12 months of their production, supply or importation (as the case may require);⁷⁹ and
- (b) in sub-paragraph (6)(a)—
 - (i) omit “, acquired from a member State,”; and
 - (ii) omit “, acquisition”.
- (3) In paragraph 3, in sub-paragraph (1)(a), in sub-paragraph (ii), omit “EU customs duty or”.

95 **Schedule 8 (valuation of acquisitions from member States: special cases)**

Omit Schedule 8 (valuation of acquisitions from member States: special cases).

96 **Schedule 9 (zero-rating)**

- (1) Schedule 9 (zero-rating) is amended as follows.
- (2) In Part 1⁷⁹, in the index, omit the entry relating to European Research Infrastructure Consortia.
- (3) In Group 7 (international services)—
 - (a) in the opening words of item 1—
 - (i) omit “or acquired”;
 - (ii) for “any of the member States”, substitute ~~the~~ United Kingdom⁷⁹; and
 - (iii) omit “to a place outside the Island and the member States”;
 - (b) in paragraph (b) of item 1, for “member States”, substitute ~~the~~ United Kingdom⁷⁹; and
 - (c) in item 2—
 - (i) in paragraph (a), omit “to a place outside the Island and the member States”; and
 - (ii) in paragraph (c), for “member States”, substitute ~~the~~ United Kingdom⁷⁹.
- (4) In Group 8 (transport)—
 - (a) in item 5, for “member States”, substitute ~~the~~ United Kingdom⁷⁹;
 - (b) in item 6(b)(iv), for “transit shed”, substitute ~~the~~ temporary storage facility⁷⁹;
 - (c) in paragraph (a) of item 11, for sub-paragraphs (i) and (ii), substitute—

⁷⁹ Part 1 of Schedule 9 was amended by SD 0726/12.

- (i) the transport of goods to or from a place—
 - (a) from which they are to be exported; or
 - (b) to which they have been imported;
 - (ii) the handling or storage of those goods at that place, or
 - (iii) the handling or storage of those goods in connection with their transport to or from that place; or ~~22~~;
 - (d) in item 12, for “the Island and the European Union”, substitute ~~23~~the Island and the United Kingdom~~22~~;
 - (e) omit item 13;
 - (f) in Note (C1)⁸⁰, omit the definition of “State institution”;
 - (g) in Note (9), for “transit shed”, substitute ~~24~~temporary storage facility~~22~~; and
 - (h) omit Note (12).
- (5) In Group 12 (drugs, medicines, aids for the disabled)—
- (a) in Note (1)—
 - (i) omit “acquired from a member State or”; and
 - (ii) omit “from a place outside the member States”;
 - (b) in Note (4N)⁸¹, in paragraph (b), omit “reckonable zero-rated acquisition, or”;
 - (c) in Note (4O)—
 - (i) in paragraph (b), omit “acquisition or”; and
 - (ii) in the words after paragraph (b), omit “or acquisition”; and
 - (d) in Note (4T)—
 - (i) omit the definition of “reckonable zero-rated acquisition”; and
 - (ii) in the definition of “reckonable zero-rated importation”, omit “from a place outside the member States”.
- (6) In Group 13 (imports, exports, etc)—
- (a) for item 1, substitute—
 - ~~25~~1 The supply of imported goods before a Customs declaration has been made under Part 1 of the Taxation (Cross-Border Trade) Act 2018 (of Parliament),, as it has effect in the Island, in respect of those goods where the supplier and the purchaser of the goods have agreed that the purchaser will make the Customs declaration.~~22~~;
 - (b) in item 3, omit “to places outside the member States”; and

⁸⁰ Note (C1) of Group 8 of Schedule 9 was amended by SD 012/11.

⁸¹ Notes (4N), (4O) and (4T) of Group 12 of Schedule 9, were inserted by SD 2017/0135.

- (c) in Note (5), omit the words from “, a member State, any” to the end.
- (7) In Group 15 (charities etc), in item 3, omit “to a place outside the member States”.
- (8) In Group 16 (clothing and footwear)—
- (a) in Note (4)(b), for sub-paragraphs (i) and (ii), substitute—
- (i) are manufactured to standards which satisfy the requirements of regulation 8(2) of the Personal Protective Equipment Regulations 2002 (of Parliament)⁸²; and
- (ii) bear the mark of conformity required by that regulation.⁸²; and
- (b) in Note (4A)(b)⁸³, for sub-paragraphs (i) and (ii), substitute—
- (i) is manufactured to standards which satisfy the requirements of regulation 8(2) of the Personal Protective Equipment Regulations 2002; and
- (ii) bears the mark of conformity required by that regulation.⁸².
- (9) Omit Group 18 (European Research Infrastructure Consortia)⁸⁴.

97 Schedule 9A (anti-avoidance provisions: groups)

- (1) Schedule 9A (anti-avoidance provisions: groups)⁸⁵ is amended as follows.
- (2) In paragraph 1(5)(a), omit “acquisition or”.
- (3) In paragraph 6(10)(a), for “(6)”, substitute **“(5)”**.

98 Schedule 10 (exemptions)

- (1) Schedule 10 (exemptions) is amended as follows.
- (2) In Group 13⁸⁶ (supplies of goods where input tax cannot be recovered)—
- (a) in paragraph (a) of item 1, omit “or acquisition”;
- (b) in Note (7)(a), omit “or acquisition”;
- (c) in Note (9)—
- (i) in the opening words, omit “or acquisition”; and
- (ii) in paragraph (b), omit “or acquisition”;

⁸² S.I. 2002/1144.

⁸³ Note (4A) of Group 16 of Schedule 9 was amended by SD 129/01.

⁸⁴ Group 18 of Schedule 9 was inserted by SD 0726/12.

⁸⁵ Schedule 9A was inserted by SD 375/96.

⁸⁶ Group 13 of Schedule 10 was inserted by SD 2015/0159.

- (d) in Note (10), omit “, acquisition” in both places; and
 - (e) in Note (15), omit “, acquisition” in both places.
- (3) In Group 15 (supplies of services by groups involving cost sharing), in item 1(a), for the words from “in relation to” to the end, substitute **69** is not carried on in the course or furtherance of carrying on a business, **70**.

99 Schedule 11A (disclosure of avoidance schemes)

- (1) Schedule 11A (disclosure of avoidance schemes) is amended as follows.
- (2) In paragraph 2(3) —
 - (a) omit subparagraph (b); and
 - (b) in subparagraph (c), omit “from a place outside the member States”.
- (3) In paragraph 2A(2) —
 - (a) omit subparagraph (b); and
 - (b) in subparagraph (c), omit “from a place outside the member States”.

100 Schedule 12 (general)

- (1) Schedule 12 (general) is amended as follows.
- (2) In paragraph 2—
 - (a) omit sub-paragraphs (3) and (3ZA);
 - (b) omit sub-paragraphs (4) and (5);
 - (c) in sub-paragraph (5A)⁸⁷, for paragraph (b), substitute—
 - 69**(b) where notification of the arrival of a means of transport imported into the Island is required by virtue of paragraph (a), for requiring any VAT on its importation to be paid at such time and in such manner as may be specified in the regulations. **70**;
 - (d) in sub-paragraph (5B)(a), omit “acquisition or”;
 - (e) in sub-paragraph (5D)—
 - (i) omit the definition of “means of transport”; and
 - (ii) in the definition of “relevant person”—
 - (a) omit paragraph (a);
 - (b) in paragraph (b), omit “from a place outside the member States”; and

⁸⁷ Subparagraphs (5A),(5B) and (5D) of paragraph 2 of Schedule 12 were inserted by SD 588/12.

- (c) omit paragraph (c);
- (f) after sub-paragraph (5D), insert—
- (5E) For the purposes of sub-paragraphs (5A) to (5D) “**means of transport**” means—
- (a) any ship which exceeds 7.5 metres in length;
- (b) any aircraft the take-off weight of which exceeds 1550 kilograms; or
- (c) any motorised land vehicle which—
- (i) has an engine with a displacement or cylinder capacity exceeding 48 cubic centimetres; or
- (ii) is constructed or adapted to be electrically propelled using more than 7.2 kilowatts, but only if the ship, aircraft or vehicle is intended for the transport of persons or goods.
- (5F) The Treasury may by order vary sub-paragraph (5E) by adding or deleting any ship, aircraft or vehicle of a description specified in the order to or from those which are for the time being specified there. **22**;
- (g) in sub-paragraph (8)—
- (i) omit paragraph (b) (together with the “or” before it); and
- (ii) in the words after paragraph (b), omit “or acquisition”; and
- (h) omit sub-paragraph (9).
- (3) In paragraph 2A(2), in paragraph (b), omit “or the law of a member State”.
- (4) In paragraph 3(2)⁸⁸, omit paragraph (c).
- (5) In paragraph 8(1), omit the words from “, and every person who” to the end.
- (6) For paragraph 10(1), substitute—
- (1) An authorised person may take samples from goods that are in the possession of either a person who supplies goods or a fiscal warehousekeeper if it appears necessary to do so—
- (a) to protect the revenue against mistake or fraud; and
- (b) to determine how the goods, or the material of which they are made, ought to be or to have been treated for the purposes of VAT. **22**.

⁸⁸ Paragraph 3 of Schedule 12 was substituted by SD 859/03.

- (7) In paragraph 16(1), in paragraph (c), for “2(3) or (4)”, substitute **2(5A)**.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Value Added Tax Act 1996 (“the Act”) and is deemed to have come into operation on exit day. It is necessary to amend the existing legislation as a consequence of the United Kingdom’s (“UK”) withdrawal from the European Union (“EU”) to ensure the VAT regime works appropriately on withdrawal.

The governments of the Isle of Man and the UK have a long-standing commitment, the Customs and Excise Agreement 1979 (“the Agreement”), establishing a Customs Union, which allows for the free movement of goods (subject to certain restrictions and prohibitions) between the 2 territories. The Agreement imposes obligations on the Isle of Man Government to keep the laws relating to customs, excise and VAT correspondent to that in the UK.

In the Schedule, multiple amendments are made to abolish acquisition VAT.

Acquisitions are the supply of goods between businesses from one EU member State to another, and are treated differently to imports from countries outside of the EU customs union. When the UK leaves the EU, in the absence of a negotiated agreement, goods received from the EU will be treated as imports and subject to import VAT.

These amendments include —

- (a) the omission of references to goods being “removed” from or “dispatched” to the EU, or to intra-Community transactions;
- (b) amendment to references to the acquisition and importation of goods so that goods entering the UK from the EU are also treated as imports;
- (c) the omission of registration provisions in relation to distance selling and acquisitions.

In addition, section 3A of, and Schedule 3B to, the Act (together with consequential changes¹⁵) are removed. This reflects that the EU law that establishes the VAT Mini One Stop Shop system will no longer apply. References to the “EU”, “member States” and “Community” are also removed.

Article 5 revokes, in part or whole, a number of orders which have previously amended the Act, and are no longer required.