

Statutory Document No. 2019/0118



*Value Added Tax Act 1996*

## **VALUE ADDED TAX (INPUT TAX) (SPECIFIED SUPPLIES) (AMENDMENT) ORDER 2019**

*Approved by Tynwald:* 9<sup>th</sup> April 2019  
*Coming into Operation:* 1 March 2019

The Treasury makes the following Order under sections 26(2)(c) and 95(3) of the Value Added Tax Act 1996.

### **1 Title**

This Order is the Value Added Tax (Input Tax) (Specified Supplies) (Amendment) Order 2019.

### **2 Commencement**

If approved by Tynwald —

- (a) this Order comes into operation on 1 March 2019<sup>1</sup>; and
- (b) the amendments made by this Order have effect in relation to supplies of services made on or after 1 March 2019.

### **3 Amendment of the Value Added Tax (Input Tax) (Specified Supplies) Order 1999**

- (1) The Value Added Tax (Input Tax) (Specified Supplies) Order 1999<sup>2</sup> is amended as follows.
- (2) In article 2 after “3” insert **3A**, 3A **3A**.
- (3) After article 3 insert —

**3A** Any services that are included within article 3 above by virtue of the fact that the supply is exempt, or would have been exempt if made in the Island, by virtue of item 4 of Group 2 of Schedule 10 to the Value Added Tax Act 1996, must be related to an insurance transaction or a reinsurance transaction where the party to be insured under the contract of insurance or reinsurance (whether

<sup>1</sup> Tynwald procedure - affirmative under section 95(3) of the Value Added Tax Act 1996.

<sup>2</sup> SD 708/99

or not a contract of insurance or reinsurance is finally concluded)  
is a person who belongs outside the Island or United Kingdom. **22**.

**MADE 27/02/19**

**A L CANNAN**  
*Minister for the Treasury*

*EXPLANATORY NOTE*

*(This note is not part of the Order)*

This Order amends the Value Added Tax (Input Tax) (Specified Supplies) Order 1999<sup>3</sup> (“the 1999 Order”).

The Order restricts the application of the 1999 Order to ensure that input tax recovery is limited in the case of supplies of insurance intermediary services to cases where the final consumers of those services belong outside the Island or United Kingdom, as it was intended. This is necessary to close down a VAT avoidance scheme which relies on VAT rules which allow recovery on exempt financial services supplies to recipients outside the European Union, while the United Kingdom remains a member State.

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<sup>3</sup> SD 708/99