

Statutory Document No. 2019/0161



Value Added Tax Act 1996

VALUE ADDED TAX (TRANSITIONAL PROVISIONS) ORDER 2019

Approved by Tynwald: 22nd May 2019
Coming into Operation: in accordance with article 2

The Treasury makes the following Order under section 96 of the Value Added Tax Act 1996.

1 Title

This Order is the Value Added Tax (Transitional Provisions) Order 2019.

2 Commencement

This Order comes into operation on exit day¹.

3 Interpretation

In this Order —

“**the Act**” means the Taxation (Cross-border Trade) Act 2018, as it has effect in the Island²;

“**Chapter 7**” means Chapter 7 of Part 15 of the Customs (Import Duty) Regulations 2019³;

“**exit day**” has the same meaning as in the European Union and Trade Act 2019; and

“**VATA 1996**” means the Value Added Tax Act 1996.

4 Transitional provisions etc.

(1) The amendments made by the Value Added Tax Act 1996 (Amendment) Order 2019⁴ and section 42 of the Act, do not have effect in relation to supplies made, and acquisitions taking place, before exit day.

¹ Tynwald procedure – affirmative under section 95(3) of the Value Added Tax Act 1996.

² The Taxation (Cross-border Trade) Act 2018 was applied in the Island by SD 2019/0080.

³ SD 2019/0152.

⁴ SD 2019/0082.

- (2) In determining for the purposes of this article the time when a supply or acquisition of goods is made ignore sections 18(4)(a) and 18B(4) of VATA 1996⁵.
- (3) In determining for the purposes of this article the time when a supply of services is made —
 - (a) invoices and other documents provided to any person before exit day are to be disregarded;
 - (b) so much (if any) of any payment received by the supplier before exit day as relates to time on or after exit day are to be treated as received on exit day; and
 - (c) so much (if any) of any payment received by the supplier on or after exit day as relates to times before exit day are to be treated as if they were received before exit day.
- (4) A payment in respect of any services is to be taken for the purposes of paragraph (3) to relate to the time of the performance of those services.
- (5) But where a payment is received in respect of any services the performance of which takes place over a period, a part of which falls before exit day and a part of which does not —
 - (a) an apportionment is to be made, on a just and reasonable basis, of the extent to which the payment is attributable to so much of the performance of those services as took place before exit day;
 - (b) the payment is, to that extent to be taken for the purposes of paragraph (3) to relate to a time before exit day; and
 - (c) the remainder, if any, of the payment is to be taken for the purposes of paragraph (3) to relate to times on or after exit day.

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- (1) The amendments made by the Value Added Tax Act 1996 (Amendment) Order 2019 and section 42 of the Act, do not have effect in relation to a supply of goods that involves the removal of the goods to the Island from a member State of the European Union, or an acquisition of goods in pursuance of such a supply, if by reason of Chapter 7 no import duty is chargeable in respect of the goods.
- (2) Those amendments do not have effect in relation to a supply of goods that involves the removal of the goods to a member State of the European Union from the Island if by reason of EU legislation corresponding to Chapter 7 no customs duty is chargeable in respect of the goods.

⁵ Section 18B was inserted by SD 501/96. Sections 18(4)(a) and 18B(4) were amended by SD 2019/0082.

- 6 Any reference to a section 55A statement in —
- (a) section 65 of VATA 1996 (inaccuracies in section 55A statements); or
 - (b) section 66 of VATA 1996 (failure to submit section 55A statement)⁶,
- is to be read after exit day as including a reference to a statement which in accordance with regulations under paragraph 2(3) of Schedule 12 to the Act was required to be submitted before exit day.

MADE

A L CANNAN
Minister for the Treasury

⁶ Sections 65 and 66 were amended by SD 2019/0082.

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

This Order is the Value Added Tax (Transitional Provisions) Order 2019 and comes into operation on exit day.

This Order makes a number of transitional provisions to deal with some of the issues arising when amendments to the Value Added Tax Act 1996 are made in consequence of, or otherwise in connection with, the withdrawal of the United Kingdom (“UK”) from the European Union (“EU”).

Article 4 states that the amendments made by the Value Added Tax Act 1996 (Amendment) Order 2019 and section 42 of the Taxation (Cross-border Trade) Act 2018, as it has effect in the Island, do not have effect in relation to supplies made, or acquisitions taking place before exit day. In order to determine which supplies are made before exit day, paragraphs (2) to (5) provide specific rules regarding the time of supply of goods in warehouses and for the supply of services for the limited purpose of applying article 4(1) only.

Article 5(1) provides that the amendments do not apply to the removal of goods to the Island from a member State of the EU or an acquisition in pursuance of such a supply where no import duty is chargeable on the goods pursuant to Chapter 7 of Part 15 of the Customs (Import Duty) Regulations 2019⁷ (“import duty regulations”).

Article 5(2) disapplies the amendments to the supply of goods that involves the removal of goods to a member State of the EU from the Island if no import duty is chargeable on the goods by virtue of an EU equivalent to Chapter 7 of Part 15 of the import duty regulations. Chapter 7 of Part 15 of the import duty regulations relieves import duty on goods that are located within the customs territory of the EU but not in the Island, where the goods are intended to be moved to, or through, the Island and the goods commence their movement to the Island before exit day.

Article 6 provides that the references to section 55A statements in sections 65 and 66 of the Value Added Tax Act 1996 are to be read as if the reference was to a statement which was required to be submitted before exit day pursuant to regulations made under paragraph 2(3) of Schedule 12 to that Act.

⁷ SD 2019/0152.