

Statutory Document No. 2019/0162



Value Added Tax Act 1996

VALUE ADDED TAX (TOUR OPERATORS) (AMENDMENT) ORDER 2019

Laid before Tynwald: 21st May 2019
Coming into Operation: in accordance with article 2

The Treasury makes the following Order under section 53 of the Value Added Tax Act 1996.

1 Title

This Order is the Value Added Tax (Tour Operators) (Amendment) Order 2019.

2 Commencement

This Order comes into operation on exit day¹.

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 (Tour Operators) Order 1988

- (1) The Value Added Tax (Tour Operators) Order 1988² is amended as follows.
- (2) In article 3(1), for “in the Isle of Man or a member State of the European Union in which he has established his business or has a fixed establishment”, substitute **“who has a business establishment, or some other fixed establishment, in the Island”**.
- (3) In article 3(5), for “Value Added Tax and Other Taxes Act 1973”, substitute **“Value Added Tax Act 1996”**.
- (4) In article 4(1) —
 - (a) for “7”, substitute **“6”**; and

¹ Tynwald procedure - negative under section 95(1) of the Value Added Tax Act 1996.

² GC 12/88, as amended by GC 219/90, SD 58/93, SD 441/95, SD 629/09, SD 897/09 and SD 0606/12.

- (b) omit “and article 3(4) of the Value Added Tax and Car Tax (No. 2) Order 1975”.
- (5) For article 5, substitute —
5. A designated travel service shall be treated for the purposes of the Act as supplied in the Island regardless of the place where it is to be enjoyed. 5.
- (6) In article 8(4), for “section 533 of the Income and Corporation Taxes Act 1970 (an Act of Parliament)”, substitute 5 section 119C of the Income Tax Act 1970 5.
- (7) In article 9(2), for “section 10 of the Act”, substitute 5 section 19 of the Act 5.
- (8) Omit article 11.
- (9) In article 12, for “sections 3 and 4”, substitute 5 sections 25 and 26 5.
- (10) In article 13, for “section 21”, substitute 5 section 43 5.
- (11) In article 14(2), for “section 10”, substitute 5 section 19 5.

MADE 28/03/2019

A L CANNAN
Minister for the Treasury

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

This Order amends the Value Added Tax (Tour Operators) Order 1988 (“the 1988 Order”) for the purpose of making changes to the VAT Tour Operators Margin Scheme that are appropriate in consequence of the withdrawal of the United Kingdom from the European Union. This Order also updates the 1988 Order to replace references to repealed legislation.

The purpose of this Order is to make provision for VAT on supplies of travel services made by tour operators on and after exit day. The amendments in the Order will ensure that tour operators will continue to account for VAT under a modified version of the Tour Operators Margin Scheme (TOMS). TOMS provides a number of benefits for tour operators –

- VAT is accounted for by references to the margin (sales price less cost) rather than the gross value of sales;
- treats the place of supply for VAT purposes as the Island, irrespective of where the travel service is enjoyed; and
- treats two or more travel services supplied together (e.g. travel and accommodation) as a single supply of services.

Article 4 amends the definition of “designated travel service” in article 3 of the 1988 Order and the place of supply rules for designated travel services in article 5 of the 1988 Order, substituting a reference to the Island for the Isle of Man or a member State of the European Union. Article 4 also updates the 1988 Order by redefining the meaning of “the Act” in the 1988 Order, updating cross-references consequently and replacing references to enactments which have been repealed with ones replacing them.

The overall effect is that the scope of the zero rate of VAT is extended so that the margin on all travel services outside the Island and United Kingdom will be zero-rated, rather than subject to the standard rate of VAT (20%) on and after exit day.