



VALUE ADDED TAX ACT 1996

VALUE ADDED TAX (PLACE OF SUPPLY OF GOODS) (AMENDMENT) ORDER 2011

Laid before Tynwald

15 February 2011

Coming into operation

1 January 2011

The Treasury makes this Order under sections 7(11) and 95(6) of the Value Added Tax Act 1996⁽¹⁾.

1 Title

This Order is the Value Added Tax (Place of Supply of Goods) (Amendment) Order 2011.

2 Commencement

This Order comes into operation on the date after it is made but once it is in operation it has effect in relation to supplies made on or 1 January 2011.

3 Amendment to the Value Added Tax (Place of Supply of Goods) Order 2004

(1) The Value Added Tax (Place of Supply of Goods) Order 2004⁽²⁾ is amended as follows.

(2) In the heading to Part 3 for “and Electricity” substitute “, Electricity, Heating or Cooling”.

(3) In article 9 for paragraph (c) substitute—

“(c) “relevant goods” means—

(i) gas supplied through a natural gas system situated within the territory of a member State other than the United Kingdom⁽³⁾ or any network connected to such a system,

(ii) electricity, and

⁽¹⁾ 1996 c.1. Section 95(6) allows for orders to be made retrospective where the Treasury considers it necessary to conform with a rule, regulation or order made under corresponding United Kingdom VAT legislation.

⁽²⁾ SD 906/04, to which there was an amendment not relevant to this Order

⁽³⁾ For the purposes of VAT, the Island is treated as part of a member State

- (iii) heat or cooling supplied through a network;”.
- (4) In article 14 for “gas and electricity” substitute “gas, electricity, heat or cooling”.

MADE

12th January 2011

Alex Crane

Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into operation on 1 January 2011, amends Part 3 of the Value Added Tax (Place of Supply of Goods) Order 2004 (“the Place of Supply Order”).

The Place of Supply Order specifies the rules which determine the place of supply for certain goods. Part 3 of the Place of Supply Order applies to supplies of gas and electricity.

Council Directive 2006/112/EC⁽³⁾ (“the Principal VAT Directive”) establishes a common system of value added tax applicable throughout the European Union.

Articles 38 and 39 of the Principal VAT Directive were amended by Council Directive 2009/162/EU⁽⁴⁾ with effect from 15 January 2010. Member States are required to transpose the amendments with effect from 1 January 2011.

Prior to that amendment those articles made provision for the place of supply of gas and electricity. The supply of gas was described as being through the natural gas distribution system. Following amendment the supply of gas is described as being through a natural gas system situated within the territory of the EU (other than the United Kingdom) or any network connected to such a system and the provision now also applies to supplies of heat and cooling supplied through a network.

This Order amends the Place of Supply Order by changing the description of the supply of gas and adding the supply of heat and cooling supplied through a network to the category of goods to which the rules in Part 3 apply. This Order also amends Article 14 of the Place of Supply Order to change the description of the subject matter of section 9A of the Value Added Tax Act 1996.

⁽³⁾ OJ No L347, 11.12.06, p.1

⁽⁴⁾ OJ No L10, 15.1.10, p.14