STATUTORY INSTRUMENTS

1976 No. 1234

VALUE ADDED TAX

The Value Added Tax (General) (Amendment) Regulations 1976

Made - - - - - - -	*2nd August* 1976
Laid before the House of Commons	*16th August* 1976
Coming into Operation - - -	*6th September* 1976

The Commissioners of Customs and Excise, in exercise of the powers conferred on them by sections 3(4) and 30 of the Finance Act 1972(**a**) as amended by section 18 of the Finance Act 1976(**b**) and of all other powers enabling them in that behalf, hereby make the following Regulations:—

1. These Regulations may be cited as the Value Added Tax (General) (Amendment) Regulations 1976 and shall come into operation on 6th September 1976.

2.—(1) In these Regulations "the Principal Regulations" means the Value Added Tax (General) Regulations 1975(**c**).

(2) The Interpretation Act 1889(**d**) shall apply for the interpretation of these Regulations as it applies for the interpretation of an Act of Parliament and section 38(2) of that Act shall apply as if these Regulations were an Act of Parliament and as if the Regulations varied or deleted by these Regulations were Acts of Parliament repealed by an Act of Parliament.

3. Regulation 23 of the Principal Regulations shall be deleted and the following substituted therefor—

"23.—(1) In this Part of these Regulations—

(*a*) "longer period" means any period of not less than one year but less than two years which the Commissioners may approve, ending on 31st March in any year, or on such other date as the Commissioners may approve or direct, except that in the case of a person who ceases to be taxable during such period it shall mean the part of that period ending on the day when he ceases to be taxable; and

(*b*) "method" means any method which is referred to in Regulation 24 and "special method" means a method the use of which may be allowed or directed by the Commissioners pursuant to paragraph (2) of that Regulation.

(**a**) 1972 c. 41.
(**b**) 1976 c. 40.
(**c**) S.I. 1975/2204 (1975 III, p. 8276).
(**d**) 1889 c. 63.

(2) For the purposes of this Part of these Regulations the input tax of a person who makes both taxable and exempt supplies—

(*a*) is "directly attributed" to one or other of those descriptions of supply to the extent that in using a method it is attributed wholly to supplies of that description; and

(*b*) is "indirectly attributed" to those descriptions of supply if in using a method it is attributed to them on any proportionate basis, and "indirect attribution" shall be construed accordingly.".

4. Regulation 26 of the Principal Regulations shall be deleted and the following substituted therefor—

"26.—(1) Subject to paragraph (3) of this Regulation, and except in the case of a taxable person who for a longer period has not furnished all the returns as required under Regulation 51, the Commissioners or, where the Commissioners have allowed or directed a person to make his own adjustments, that person, shall for each longer period adjust the indirectly attributed input tax deducted by him so as to obtain a fair and reasonable attribution for that period, except that, in the case of a taxable person using a special method, the Commissioners may dispense with the foregoing requirement to adjust.

(2) Where a taxable person in using a special method has, by virtue of Regulation 27, treated all his exempt supplies in a prescribed accounting period as taxable supplies and has attributed input tax directly to those supplies, but for the longer period they are not to be so treated, he shall make an adjustment of his directly attributed input tax for that longer period.

(3) An adjustment under paragraph (1) of this Regulation shall be dispensed with if for the longer period the amount of indirectly attributed input tax deducted by a taxable person does not differ from the amount which would be attributed under that paragraph by more than—

(*a*) an amount equal to 10 per cent of the input tax subject to indirect attribution; or

(*b*) £5

whichever is the greater:

provided that this paragraph shall not apply if—

(*i*) the taxable person uses method 1 or method 2 and has elected that it shall not apply; or

(*ii*) the taxable person uses a special method unless he has elected that the paragraph shall apply; and

any election made under this paragraph shall be in such form and manner and be subject to such conditions as the Commissioners may prescribe and shall be irrevocable for the longer period to which it relates and for the two longer periods next following.

(4) Where for a longer period a taxable person has not furnished all the returns as required under Regulation 51, the Commissioners may adjust the indirectly attributed input tax which he has deducted in relation to that longer period so as to achieve a fair and reasonable attribution for that period, but if he subsequently furnishes all the returns an adjustment or re-adjustment shall be made under paragraph (1) of this Regulation.

(5) Any taxable person making an adjustment under paragraph (1) of this Regulation shall determine the input tax which he may deduct for the longer period by calculating the input tax to be indirectly attributed to his taxable supplies in that period according to the method used for the provisional attribution of that tax.

(6) After an adjustment under this Regulation made by the Commissioners any amount due from or to a taxable person shall be notified in writing to that person who, if he disagrees with such amount, shall within 28 days inform the Commissioners in writing of his disagreement and if he does not so inform them within that time the adjustment shall be deemed to be agreed.

(7) Any disagreement notified to the Commissioners under paragraph (6) of this Regulation shall be resolved either by an agreed further adjustment, by agreement that an adjustment can be dispensed with or by the assessed adjustment being confirmed by the Commissioners.

(8) Any amount determined under paragraph (6) or (7) of this Regulation, or in the case of an adjustment made by a person required or allowed to adjust under paragraph (1) or (2) of this Regulation any amount appearing to be due from or to that person as a result of the adjustment, shall be accounted for as the Commissioners may direct.".

5. Regulation 27 of the Principal Regulations shall be deleted and the following substituted therefor—

"27.—(1) Where, in any prescribed accounting period or in any longer period, a taxable person's only exempt supplies are such that they are excluded by Regulation 25(*a*), (*d*), (*e*) or (*f*) from any calculation for the purpose of using a method, all his supplies in that period shall be treated as taxable supplies.

(2) Subject to paragraph (5) of this Regulation, where, in any prescribed accounting period or in any longer period, the value of a taxable person's exempt supplies amounts to less than either—

(*a*) £100 per month on average; or

(*b*) 5 per cent of the value of all his supplies,

all his supplies in that period shall be treated as taxable supplies.

(3) Subject to paragraph (5) of this Regulation, where, in any prescribed accounting period or in any longer period, the amount of a taxable person's input tax attributable to exempt supplies is less than 5 per cent of the whole of his input tax all his supplies in that period shall, if the Commissioners see fit, be treated as taxable supplies, but save as the Commissioners may otherwise allow this paragraph shall apply only to taxable persons using a special method.

(4) For the purpose of any calculation made under paragraph (2) or (3) of this Regulation there shall be disregarded, as the case may require—

(*a*) any exempt supply excluded by Regulation 25(*a*), (*d*), (*e*) or (*f*) from any calculation made by a taxable person for the purpose of using a method, and any input tax attributable to such a supply; and

(*b*) that part of the value of any supply similarly excluded by Regulation 25(*c*).

(5) For the purpose of any adjustment under Regulation 26, the provisions of paragraphs (2) and (3) of this Regulation shall not apply unless under those provisions all exempt supplies are to be treated in the longer period as taxable supplies.

(6) Where under paragraph (2) or (3) of this Regulation the treatment as taxable supplies of all the supplies made by a taxable person in any longer period results in an amount of less than £1 being due to him, that amount shall be treated as nil.".

6. Regulation 51 of the Principal Regulations shall be amended as follows—

(*a*) by deleting paragraph (1) and substituting therefor—

"(1) Save as the Commissioners may otherwise allow, every person who is registered or was or is required to be registered shall on the form numbered 4 in Schedule 1 to these Regulations furnish the Controller with a return showing the amount of tax payable by or to him and containing full information in respect of all the other matters specified in the said form, in respect of every period of a quarter, or in the case of a person who is registered every period of 3 months ending on the dates notified either in the certificate of registration issued to him or otherwise, and shall furnish every such return not later than the last day of the month next following the end of the period to which it relates:

provided that—

(*a*) the Commissioners may allow or direct a person to furnish returns in respect of periods of 1 month and to furnish those returns within 1 month of the periods to which they relate;

(*b*) the first return shall be for the period in which occurs the effective date determined in accordance with Schedule 1 to the Act upon which the person was or should have been registered, and the said period shall begin on that date; and

(*c*) where the Commissioners consider it necessary in the circumstances of any particular case to vary the length of any period or the date on which any period begins or ends or by which any return shall be furnished, they may allow or direct any person to furnish returns accordingly, whether or not the period so varied has ended.";

(*b*) in paragraph (3) by substituting for the word "Except" at the commencement the word "Save"; and

(*c*) by deleting paragraph (4) and substituting therefor—

"(4) Any person who—

(*a*) ceases to be liable to be registered; or

(*b*) if he is registered under paragraph 7 of Schedule 1 to the Act, ceases to be a taxable person; or

(*c*) being registered pursuant to a request made under paragraph 11(*b*) of Schedule 1 to the Act ceases to be treated as being liable to be registered because his request is withdrawn or the Commissioners decide no longer to act upon it,

shall furnish to the Controller a final return on the form numbered 6 in Schedule 1 to these Regulations and unless the Commissioners in any case otherwise allow or direct, any such return shall be

furnished, in the case of a person who was or is registered, within one month of the effective date for cancellation of his registration, and in the case of any other person within one month of the date upon which he ceases to be liable to be registered, and in either case shall be in respect of the final period ending on the date aforementioned and be in substitution for the return for the period in which such date occurs.".

7. Regulation 53 of the Principal Regulations shall be amended by deleting the word "registered" in line 1 thereof.

8. Regulation 55 of the Principal Regulations shall be amended by deleting the word "registered" in line 1 of paragraph (1) thereof.

9. After Regulation 55 of the Principal Regulations there shall be added a new Regulation as follows—

"55A. Where any person subject to any requirements under this Part of these Regulations dies or becomes incapacitated and control of his assets passes to another person, being a personal representative, trustee in bankruptcy, receiver, liquidator, or person otherwise acting in a representative capacity, that other person shall, if the Commissioners so require and so long as he has such control, comply with those requirements:

provided that any requirement to pay tax shall only apply to that other person to the extent of the assets of the deceased or incapacitated person over which he has control; and save to the extent aforesaid this Part of these Regulations shall apply to such person, so acting, as if he were the deceased or incapacitated person.".

10. Regulation 56 of the Principal Regulations shall be amended by deleting the word "registered" in line 1 thereof.

11. Schedule 1 of the Principal Regulations shall be amended by deleting the forms numbered 4 and 6 thereof and substituting the forms numbered 4 and 6 in the Schedule to these Regulations.

J. C. Leeming,
Commissioner of Customs and Excise.

2nd August 1976.

King's Beam House,
Mark Lane,
London EC3R 7HE.

SCHEDULE

Form No. 4

Regulation 51(1)

Return of Value Added Tax

For the period
from ..... to .....
These dates must not be altered without the agreement of Customs and Excise

Registration No. | Period No.

Please quote this Registration No. and Period No. in all correspondence about this return.

The person named here must complete and return the form to the Controller, VAT Central Unit, HM Customs and Excise, Alexander House, 21, Victoria Ave, SOUTHEND-ON-SEA X,

not later than

Tax payable must be paid by the same date, by remittance enclosed with this form or by National or Bank Giro

PART A. Account of tax payable or repayable

This part must be completed in all cases.

			£	p
TAX DUE for this period	On OUTPUTS (sales, etc.)	at the standard rate s		
		at rate a a		
		at rate b b		
	TOTAL OUTPUT TAX (Total of amounts at standard rate, rate a and rate b)	1		
	Tax due on imported goods and goods from bonded warehouse	2		
	Underdeclarations and/or underpayments of tax in previous periods, notified in writing by Customs and Excise	3		
	Other underdeclarations made on previous returns	4		
	TOTAL TAX DUE (Total of amounts in boxes 1, 2, 3 and 4)	5		
TAX DEDUCTIBLE for this period *Partly exempt persons should also see box 24*	On INPUTS (purchases, etc.)	6		
	Overdeclarations and/or overpayments of tax in previous periods, notified in writing by Customs and Excise	7		
	Other overdeclarations made on previous returns	8		
	TOTAL TAX DEDUCTIBLE (Total of amounts in boxes 6, 7 and 8)	9		
NET TAX payable or repayable for this period (Difference between boxes 5 and 9)		10		

If the amount in box 5 is greater than the amount in box 9, then the tax in box 10 is payable to Customs and Excise. In this case please tick box P. P ☐

If the amount in box 5 is less than the amount in box 9, then the tax in box 10 is repayable by Customs and Excise. In this case please tick box R. R ☐

METHOD OF PAYMENT to Customs and Excise
Please tick the appropriate box

National Giro ☐ Bank Giro ☐ Remittance enclosed ☐

In your own interests you should not send notes or coin through the post.

PART B. Value of outputs and inputs (excluding any Value Added Tax)

This part must be completed in all cases. Please complete all the boxes, writing "NONE" where there is no amount to be entered. Pence should be disregarded.

			Pounds only	
OUTPUTS (sales, etc.): (All values shown should exclude Value Added Tax)	Value of outputs chargeable at the standard rate, rate a and rate b	11		00
	Exports	12		00
	Zero-rated taxable outputs (other than exports in box 12)	13		00
	Total taxable outputs (total of amounts in boxes 11, 12 and 13)	14		00
	Exempt outputs (if you insert an amount here, see Part D)	15		00
	Total outputs (total of amounts in boxes 14 and 15)	16		00
INPUTS (purchases, etc.):	Value (excluding Value Added Tax) of total taxable inputs, including zero-rated inputs	17		00

PART C. Retailers' special schemes

This part must be completed by any person who has used any of the special schemes for retailers—see Notice No. 727.

Show the scheme(s) you have used by ticking the box(es) below the appropriate letter(s)

Scheme	A	B	C	D	E	F	G	H	J	K	L	M
18												

PART D. Partly exempt persons: calculation of deductible input tax

Except as explained in the notes, this part must be completed by all persons with exempt outputs. It should NOT *be completed by any other persons.*

		£	p
Enter 1, 2 or 3 in this box to show which method you have used	19		
Amount of any input tax wholly attributable to taxable supplies	20		
Amount of input tax partly attributable to taxable supplies	21		
Percentage used to attribute input tax $\left(\frac{\text{box 14} \times 100}{\text{box 16}}\right)$	22	%	
That part of the amount in box 21 which is deductible for the period $\left(\frac{\text{box 21} \times \text{box 22}}{100}\right)$	23		
Total deductible input tax for the period (total of amounts in boxes 20 and 23). (Enter this total also in box 6 overleaf)	24		

PART E. Declaration by the signatory

This part must be completed by or on behalf of the person named overleaf.

I, ...

(full name of signatory in BLOCK CAPITALS)

declare that (i) the information given in this return is true and complete in respect of all business or businesses carried on by the person named overleaf (except in so far as he is separately registered if so required) and, except as notified, none of the changes listed in Notice No. 700 (Section II, last paragraph) has occurred during the period covered by the return.

(ii) the amounts shown as deductible input tax in this return relate to tax which may be deducted by virtue of section 3 of the Finance Act 1972 and Regulations made under that section, and I claim deduction of input tax accordingly.

(iii) where I have used any of the retailers' special schemes I have complied with Notice No. 727.

Signed .....

Date .....

Form No. 6

Regulation 51(4)

Final Return of Value Added Tax

for the period
from . . . . to .
These dates must not be altered without the agreement of Customs and Excise

Registration No. | Period No.

The person named here must complete and return the form to the Controller, VAT Central Unit, H.M. Customs and Excise, Alexander House, 21, Victoria Avenue, SOUTHEND-ON-SEA X, SS99 1AT

not later than

Tax payable must be paid by the same date, by remittance enclosed with this form or by National or Bank Giro.

PART A. Account of tax payable or repayable
This part must be completed in all cases.

				£	p
TAX DUE for this period	On OUTPUTS (sales, etc.) (including tax on stock and assets— see declaration (iv) in Part E)	at the standard rate	s		
		at rate a	a		
		at rate b	b		
	TOTAL OUTPUT TAX (Total of amounts at standard rate, rate a and rate b)		1		
	Tax due on imported goods and goods from bonded warehouse		2		
	Underdeclarations and/or underpayments of tax in previous periods, notified in writing by Customs and Excise		3		
	Other underdeclarations made on previous returns		4		
	TOTAL TAX DUE (Total of amounts in boxes 1, 2, 3 and 4)		5		
TAX DEDUCTIBLE for this period *Partly exempt persons should also see box 24*	On INPUTS (purchases, etc.)		6		
	Overdeclarations and/or overpayments of tax in previous periods, notified in writing by Customs and Excise		7		
	Other overdeclarations made on previous returns		8		
	TOTAL TAX DEDUCTIBLE (Total of amounts in boxes 6, 7 and 8)		9		
NET TAX	payable or repayable for this period. (Difference between boxes 5 and 9)		10		

If the amount in box 5 is greater than the amount in box 9, then the tax in box 10 is payable to Customs and Excise. In this case please tick box P — P ☐

If the amount in box 5 is less than the amount in box 9, then the tax in box 10 is repayable by Customs and Excise. In this case please tick box R. — R ☐

METHOD OF PAYMENT to Customs and Excise *Please tick the appropriate box*

National Giro ☐ Bank Giro ☐ Remittance enclosed ☐

In your own interests you should not send notes or coin through the post.

PART B. Value of outputs and inputs (excluding any Value Added Tax)

This part must be completed in all cases.

			Pounds only	
OUTPUTS (sales, etc.): (All values shown should exclude Value Added Tax)	Value of outputs chargeable at the standard rate, rate a and rate b (including value of stock and assets)	11		00
	Exports	12		00
	Zero-rated taxable outputs (other than exports in box 12)	13		00
	Total taxable outputs (total of amounts in boxes 11, 12 and 13)	14		00
	Exempt outputs (if you insert an amount here, see Part D)	15		00
	Total outputs (total of amounts in boxes 14 and 15)	16		00
INPUTS (purchases, etc.):	Value (excluding Value Added Tax) of total taxable inputs, including zero-rated inputs	17		00

PART C. Retailers' special schemes

This part must be completed by any person who has used any of the special schemes for retailers—see Notice No. 727.

Show the scheme(s) you have used by ticking the box(es) below the appropriate letter(s)

Scheme	A	B	C	D	E	F	G	H	J	K	L	M
18												

PART D. Partly exempt persons: calculation of deductible input tax

Except as explained in the notes, this part must be completed by all persons with exempt outputs. It should NOT *be completed by any other persons.*

		£	p
Enter 1, 2 or 3 in this box to show which method you have used	19		
Amount of any input tax wholly attributable to taxable supplies	20		
Amount of input tax partly attributable to taxable supplies	21		
Percentage used to attribute input tax $\left(\frac{\text{box 14} \times 100}{\text{box 16}}\right)$	22	%	
That part of the amount in box 21 which is deductible for the period $\left(\frac{\text{box 21} \times \text{box 22}}{100}\right)$	23		
Total deductible input tax for the period (total of amounts in boxes 20 and 23). (Enter this total also in box 6 overleaf)	24		

PART E. Declaration by the signatory

This part must be completed by or on behalf of the person named overleaf.

I, . . .

(full name of signatory in BLOCK CAPITALS)

declare that (i) the information given in this return is true and complete in respect of all business or businesses carried on by the person named overleaf (except in so far as he is separately registered if so required) and, except as notified, none of the changes listed in Notice No. 700 (Section II, last paragraph) has occurred during the period covered by the return,

(ii) the amounts shown as deductible input tax in this return relate to tax which may be deducted by virtue of section 3 of the Finance Act 1972 and Regulations made under that section, and I claim deduction of input tax accordingly,

(iii) where I have used any of the retailers' special schemes I have complied with Notice No. 707 or Notice No. 727, as appropriate,

(iv) the total tax due as stated in this return includes the amount of £ . . representing tax due on all goods in stock or forming part of the assets of the business (including capital goods) at the close of business on . . . . . .

Signed . . . . . .

Date . . . . . .

EXPLANATORY NOTE

(This Note is not part of the Regulations)

These Regulations amend various provisions of the Value Added Tax (General) Regulations 1975. They include amendments made under powers introduced in the Finance Act 1976.

Regulation 3 provides definitions.

As to Regulation 4:

In calculating his value added tax liability, a taxable person who makes both taxable and exempt supplies may deduct the input tax attributable to his taxable supplies. Regulation 26 of the Principal Regulations provided for the proportional attributions of input tax by such a person to be subject to adjustment by the Commissioners of Customs and Excise in order to secure a fair and reasonable attribution over a period. Regulation 4 continues this provision, extends it to require certain taxable persons to perform their own adjustments of the tax subject to attribution, and introduces a tolerance which enables adjustment of proportional attributions to be dispensed with where the difference between the adjusted and unadjusted amounts of input tax is relatively small, but provides for a taxable person to elect whether the tolerance should apply.

As to Regulation 5:

Regulation 27 of the Principal Regulations provided that in making input tax deductions the exempt supplies of a taxable person may under certain conditions be treated as taxable supplies. Regulation 5 continues this provision but amends it to ensure that for the purpose of making an adjustment under Regulation 4 exempt supplies are not so treated unless the relevant conditions are satisfied for the adjustment period. Regulation 5 also makes amendments consequential on Regulations 3 and 4, and provides for cases in which under the Regulation amounts of less than £1 would become due to a taxable person.

Regulations 6, 7, 8 and 10 contain provisions necessary to extend the application of Part VII of the Principal Regulations to persons who, though not registered, were or are required to be registered. They also make certain other minor changes.

Regulation 9 extends the application of Part VII of the Principal Regulations as now amended to certain persons acting in a representative capacity on behalf of others who are or were taxable persons.

Regulation 11 provides for consequential amendments to certain forms prescribed in Schedule 1 to the Principal Regulations.

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