STATUTORY INSTRUMENTS

2016 No. 726

VALUE ADDED TAX

The Value Added Tax (Place of Supply of Services: Exceptions Relating to Supplies Made to Relevant Business Person) Order 2016

Approved by the House of Commons

Made - - - -	*11th July 2016*
Laid before the House of Commons	*11th July 2016*
Coming into force - -	*1st October 2016*

The Treasury, in exercise of the powers conferred by section 7A(6)(b) of the Value Added Tax Act 1994(**a**), make the following Order:

1.—(1) This Order may be cited as the Value Added Tax (Place of Supply of Services: Exceptions Relating to Supplies Made to Relevant Business Person) Order 2016.

(2) This Order comes into force on 1st October 2016 and has effect in relation to supplies made on or after that date.

2. In Part 2 of Schedule 4A to the Value Added Tax Act 1994 (place of supply of services: exceptions relating to supplies made to relevant business person)(**b**), after paragraph 9C insert—

"Repair services: contracts of insurance

9D.—(1) This paragraph applies to a supply of services consisting of the repair of tangible movable property where—

(a) the supply is pursuant to a claim made under a contract of insurance, and

(b) the supply is made to a relevant business person who is not the person insured.

(2) Where—

(a) a supply of services to which this paragraph applies would otherwise be treated as made in the United Kingdom, and

(b) the services are effectively used and enjoyed outside the territories of the member States,

the supply is to be treated as made where it is used and enjoyed.

(3) Where—

(**a**) 1994 c.23; section 7A was inserted by section 76 of, and paragraphs 1 and 4 of Part 1 of Schedule 36 to, the Finance Act 2009 (c.10).

(**b**) Schedule 4A was both inserted and amended from a later date by section 76 of, and Schedule 36 to, the Finance Act 2009 (c.10): for Part 2 of Schedule 4A see paragraphs 1, 11 and 15 of Schedule 36, as read with the definition of "VATA 1994" in section 126(1) of that Act, and the subsequent amendment in S.I. 2012/2787.

(a) a supply of services to which this paragraph applies would otherwise be treated as made outside the territories of the member States, and

(b) the services are effectively used and enjoyed in the United Kingdom,

the supply is to be treated as made in the United Kingdom.".

David Evennett
George Hollingbery
11th July 2016 Two Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

The Order amends Part 2 of Schedule 4A to the Value Added Tax Act 1994 (c.23) (the "Act") (exceptions relating to supplies made to relevant business person) and adds a new exception to the general rules on value added tax place of supply of services provisions in relation to repair services following insurance claims which meet the criteria laid out in article 2. It has effect in relation to supplies made on or after 1st October 2016.

Section 7A(2) of the Act specifies the general rules for determining the place of supply of services for the purposes of UK value added tax. The general rule where the supply is made to a relevant business person (defined in section 7A(4)) is that the place of supply is treated as the country where the recipient belongs. However, the rules in that subsection are subject to the exceptions in Schedule 4A of the Act.

Article 2 inserts paragraph 9D into Part 2 of Schedule 4A which sets out an exception to the general rule in the case of a supply of services consisting of the repair of tangible moveable property (such as cars or mobile telephones) where the supply is made in pursuance of a contract of insurance and is made, for example, to the insurer rather than to the insured person.

A Tax Information and Impact Note covering this instrument will be published on the government website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.

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