VAT: changes to VAT invoice rules

Technical note
Publication date: 31 May 2012
Closing date for comments: 12 July 2012

Subject of this technical note:	This technical note covers changes to the existing UK VAT invoicing rules to reflect the changes introduced by the EU Council Directive 2010/45/EU.
Scope of this document:	The UK is legally bound to introduce the necessary changes to UK VAT legislation by no later than 1 January 2013. The changes assist business by removing or largely reducing current VAT obstacles to the use of electronic invoices, simplifying a number of existing VAT invoicing requirements and removing some existing administrative burdens associated with VAT invoices. Many of the changes are already included in existing UK legislation. This document outlines the minor changes that will be made to VAT regulations in order to implement the changes. It also includes draft legislation for technical consultation.
Who should read this:	All VAT registered businesses, their agents and other advisors.
Duration:	31 May 2012 to 12 July 2012
Lead official:	Mark Crawford, HM Revenue & Customs (HMRC)
How to respond or enquire about this technical note:	Responses and enquiries concerning this consultation should be directed to: Mark Crawford HM Revenue & Customs VAT Process Owner's Team (VPOT) VAT Directorate 1st Floor NW Queens Dock, Liverpool L74 4AA Tel: +44 (0)151 703 8616 email: mark.crawford@hmrc.gsi.gov.uk
Additional ways to be involved:	Although this technical note is largely informative and the changes to UK VAT invoice rules will be implemented with effect from 1 January 2013, HMRC is happy to meet and speak to interested parties. Please send requests for such meetings through Mark Crawford, details as above.
After 12 July 2012:	A summary of responses to this technical note will be published on the HMRC website, together with a draft of the proposed changes to existing UK VAT legislation after the closing date for responses of 12 July 2012.

Getting to this stage:

Council Directive 2010/45/EU was published on 13 July 2010, following the agreement of European Union (EU) Finance Ministers. The aim of the directive is to reduce the administrative burdens imposed on EU businesses, by simplifying and harmonising the existing rules for VAT invoicing and removing the obstacles to the use of electronic VAT invoices.

The purpose of this technical note is to provide further background and to outline the resulting changes to UK VAT invoicing rules.

Previous engagement:

Proposals for changes to the existing EU rules for VAT invoices were published by the European Commission in 2009. Informal meetings were held by HMRC with interested parties and representatives of UK business to discuss the proposals and identify any initial concerns to better inform the negotiation stages that followed.

Updates on the progress in negotiations and the emerging changes to existing VAT invoice rules were provided through various meetings and fora, including the HMRC Joint VAT Consultative Committee and the HM Treasury VAT Forum.

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On request this document can be produced in Welsh and alternate formats including large print, audio and Braille formats

1. Introduction

Changes to the VAT invoice rules

On 13 July 2010 Council Directive 2010/45/EU ('the Directive') introduced new rules and amendments to Council Directive 2006/112/EC in relation to the VAT invoice rules.

The directive requires all EU member states to make the necessary changes to national VAT legislation to reflect the changes by no later than 1 January 2013.

The changes aim to simplify and harmonise the existing rules, remove legal obstacles to the use of electronic invoices and reduce the existing administrative burdens on EU businesses in meeting their VAT invoicing obligations.

Next steps

The changes remove a number of options that were previously available to individual member states, which have led to different rules in relation to VAT invoicing in the 27 EU member states. The aim is now to have a consistent set of rules that will be uniformly applied across the EU, making things simpler and removing uncertainty for businesses.

In many cases the rules being introduced reflect the current UK VAT invoice rules, so the changes required to existing UK VAT legislation are minimal. The purpose of this document is to provide details of the changes that are being made, to explain their purpose and to highlight the likely impact for UK businesses.

The changes to UK legislation will be made with effect from 1 January 2013.

2. Changes to existing VAT invoice rules

Simplifying the rules for electronic invoicing

It is recognised that electronic invoices can have advantages over traditional paper invoices and provide many potential benefits for business, including:

- reduced handling and storage costs
- rapid access and retrieval of invoices
- simpler record keeping, payment processing and dispute handling
- improved traceability of orders
- structured and secure business data

Prior to these changes, the existing EU rules for electronic invoicing allowed individual member states to impose additional conditions on taxpayers wishing to use electronic invoicing to those imposed on taxpayers using paper invoices. This includes the requirement to use specific technologies such as electronic signatures and Electronic Data Interchange (EDI) as a means of ensuring the authenticity of origin and integrity of content of the invoice. The UK has not opted to impose any of these additional conditions for electronic invoicing of goods or services supplied in the UK, but such a requirement remains a possibility in the case of intra-Community transactions, where another member state may require an electronic signature or EDI as a condition of accepting the invoice. For this reason the current UK law includes the options of electronic signature and EDI.

The fact that many member states do impose the requirement to use electronic signatures and EDI has the potential to make the use of electronic invoicing less attractive to business and the differing requirements and rules across the EU is a recognised obstacle to the wider use of electronic invoicing.

Under the new simplified rules individual member states can no longer impose conditions in relation to the use of electronic invoices. Instead, it is for an individual business to determine the method used and the only condition imposed is that the customer must agree to the use of electronic invoicing. In this sense, paper and electronic invoices are now treated equally.

The method used to ensure the authenticity of origin, the integrity of content and legibility of the invoices is a business choice and can be achieved by any business controls which create a reliable audit trail between an invoice and a supply of goods or services.

'Authenticity of origin' of an invoice means the assurance of either the identity of the supplier or the issuer of the invoice.

'Integrity of content' of an invoice means that the content required to be shown on an invoice has not been altered.

By essentially leaving the choice up to the business, and removing the option for individual member states to impose additional conditions, it is hoped that more businesses will use electronic invoices and thereby benefit from the potential advantages that electronic invoices can bring in terms of reduced costs and administrative burdens.

UK legislation will be amended to remove the electronic invoicing and EDI requirements and make it clear that the choice is one for business to make.

Removing the requirement to issue a VAT invoice for exempt supplies

Current EU VAT law permits an individual member state to release a VAT registered business from the requirement to issue a VAT invoice for an exempt supply made in its territory. The UK already adopts this relaxation and there is no requirement to issue a VAT invoice for an exempt supply made within the UK.

However, in the case of cross-border exempt supplies of services, there has always been the potential for a customer in another EU member state to require that an invoice is provided to meet the invoicing requirement in that member state.

The change to existing rules means that there will no longer be a requirement for a UK supplier making exempt insurance or financial services supplies to a customer in another member state to issue a VAT invoice for such supplies.

The relevant supplies are those specified in Article 135, paragraphs (a) to (g) of Council Directive 2006/112/EC. The UK equivalent supplies are those insurance and finance supplies specified in the Value Added Tax Act 1994, Schedule 9, Groups 2 and 5.

This change provides certainty for UK banking and insurance businesses concerning their invoicing obligations, and removes an otherwise burdensome cross-border invoicing obligation.

Use of a simplified VAT invoice for supplies up to £250 in value

Under current VAT rules, HMRC already allows retailers to use a less detailed invoice where the total value of the supply does not exceed £250 in value. One advantage of this is that the less detailed retailer's invoice contains far less information than is required on a full VAT invoice, while still providing the customer with sufficient VAT information for their purposes.

The change that is being introduced will provide for a more general use of simplified invoices by VAT registered businesses making supplies in the UK to a taxable person where the value of a supply does not exceed £250.

The simplified invoice rule will only require the following particulars to be shown on the VAT invoice:

- the name, address and registration number of the supplier
- the time of the supply
- a description sufficient to identify the goods or services supplied
- the total amount payable including VAT
- for each rate of VAT chargeable, the gross amount payable including VAT, and the VAT rate applicable

Reference on an invoice to explain the treatment of the supply

Under existing rules, there is a requirement to provide a reference to support the VAT treatment of a supply in the following cases:

- exempt supplies
- margin scheme supplies
- reverse charge supplies
- self-billed supplies

Currently, the reference can be the relevant EU legislation, the relevant UK legislation or some other reference that adequately explains the treatment.

Following the changes, there will no longer be the option of making a reference to the relevant EU or national legal provision and the only option will be to include the appropriate reference specified in national legislation.

The aim here is to simplify and harmonise the use of references across the EU. The following references will be the only references required to be shown on VAT invoices for such supplies in the future:

- for exempt supplies - the reference 'exempt'
- for margin scheme supplies - the reference 'margin scheme: works of art'; 'margin scheme: antiques or collectors items'; 'margin scheme: second hand goods; 'margin scheme: tour operators', as appropriate
- for reverse charge supplies - the reference 'reverse charge'
- for self-billed supplies - the reference 'self billing'

Time limit for issuing a VAT invoice for an EU cross-border supply

At the moment, member states have a degree of choice with regard to the time limit for the issue of VAT invoices for EU cross-border supplies.

The change being introduced will align the rules on the time limits for issuing a VAT invoice, requiring the invoice to be issued by the 15th day of the month following that in which the goods are removed or the services performed.

The existing UK rules require that a VAT invoice must be issued within 30 days of the tax point for cross-border supplies of goods or services. The changes will, in some cases, reduce the timescale for UK businesses to issue a VAT invoice.

Other changes

There are minor changes relating to goods sent to another member state to have work carried out on them. Goods that are sent for valuation will be included in the relief that applies in these circumstances (as is already the case in the UK) but the scope of the relief will be restricted to goods that are ultimately to be returned to the member state of dispatch. The changes will ensure that UK law properly reflects EU law.

There are also minor changes to the time of supply and acquisition rules for intra-EU transactions involving continuous supplies of goods. There is no obvious practical impact for the UK. However, in the event that any supplies were affected, they would become subject to the normal rules.

The drafts of proposed changes to the VAT Regulations 1995 (SI 1995/2518) and the VAT (Removal of Goods) Order 1992 (SI 1992/3111) are included at annex B to this technical note.

Question: Do you have any comments on the proposed changes?

3. Tax impact assessment

Changes to existing VAT invoice rules

Summary of Impacts

Exchequer impact (£m)	2011-12	2012-13	2013-14	2014-15	2015-16
	+/-	+/-	+/-	+/-	+/-
	This measure is not expected to have an Exchequer impact as it will not impact on receipts.				
Economic impact	The measure is not expected to have any economic impacts.				
Impact on individuals and households	The changes are expected to have no impact on individuals and households.				
Equalities impacts	The measure relates specifically to VAT invoices and associated information obligations. It does not have any impact in terms of equality.				
Impact on businesses and Civil Society Organisations	There are about 325,000 UK businesses involved in intra-Community transactions, all of whom can potentially benefit from the cost reductions associated with electronic invoices. One-off compliance costs All the above businesses would need to familiarise themselves with the changes. The familiarisation is on average estimated to cost each business about £15 - and all affected businesses would incur one-off familiarisation costs totalling about £5 million. Administrative cost burden savings There are significant potential cost savings for business in meeting their VAT invoice obligations, in terms of invoice creation, sending and storage obligations. The measure removes existing obstacles to electronic invoicing across the EU, notably the ability of an individual member state's administration to impose restrictions on the use of electronic invoices. Following the changes, UK businesses will be able to issue electronic invoices to their EU business customers without these restrictions.				

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The changes are tentatively estimated to reduce administrative cost burdens of UK businesses by £5-10 million annually. These figures are the current best estimates, and may be revised as more robust data becomes available. For example, if all UK businesses engaged in EU transactions currently use paper invoicing and were all to adopt electronic invoicing the administrative burden savings could be up to £20 million annually.

(Figures may not add up due to rounding)
<table>
<tr><th></th><th>Cost</th><th>Time period (years)</th></tr>
<tr><td colspan="3">Compliance costs</td></tr>
<tr><td>One-off costs</td><td>£5 million</td><td>1</td></tr>
<tr><td>Average annual costs</td><td>£0</td><td>5</td></tr>
<tr><td>Total costs (PV)</td><td>£5 million</td><td>5</td></tr>
<tr><td colspan="3">Compliance benefits</td></tr>
<tr><td>One-off benefit</td><td>£0</td><td>1</td></tr>
<tr><td>Average annual benefit</td><td>£5-10 million</td><td>5</td></tr>
<tr><td>Total benefit (PV)</td><td>£10-45 million</td><td>5</td></tr>
<tr><td>Net benefit (PV)</td><td>£5-35 million</td><td>5</td></tr>
<tr><td colspan="3">Impact on administrative burden (included in net benefit)</td></tr>
<tr><td>Increase</td><td>Decrease</td><td>Net impact</td></tr>
<tr><td>£0</td><td>£5-10 million</td><td>£5-10 million</td></tr>
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<tr><td>Small Firms Impact Test</td><td>The measure removes existing obstacles to electronic invoicing and potentially reduces the costs to small firms in meeting their VAT invoicing and storage obligations.</td></tr>
<tr><td>Impact on HMRC or other public sector delivery organisations</td><td>The measure is not expected to have any impact on the public sector.</td></tr>
<tr><td>Other impacts</td><td>This measure is considered to have nil or insignificant impacts in any specific areas such as competition, sustainable development or compliance.</td></tr>
</table>

Question: Do you have any comments on the assessment of impacts?

4. Summary of frequently asked questions

Q.1	Why is HMRC making these changes?
A.1	Council Directive 2010/45/EU introduced the changes and all member states are required to implement the changes by 1 January 2013.
Q.2	What are the changes meant to achieve?
A.2	The changes aim to simplify the current VAT invoice rules, to remove some of the restrictive rules for electronic invoicing and to reduce the cost to UK businesses in meeting their VAT invoicing obligations.
Q.3	Do I need permission form HMRC to use electronic invoices following these changes?
A.3	No, the use of electronic invoices is a business choice and there is no requirement to get our permission.
Q.4	Following the changes, will there be any additional requirements for using electronic invoicing, rather than paper invoices?
A.4	No, the requirements for electronic and paper invoices will be the same.
Q.5	Following the changes there will be no legal requirement to use an electronic signature on my invoices, but if I choose to do so do I need permission from HMRC to do so?
A.5	No, the use of electronic signatures is a business choice and you don't need our permission.
Q.6	I make exempt financial supplies to customers in the UK and in other EU member states. Do I need to issue a VAT invoice for these supplies?
A.6	No. there has never been a requirement to issue a VAT invoice for exempt supplies made to customers in the UK and, following the changes to the VAT invoicing rules, there is no requirement to issue a VAT invoice for exempt financial services supplies made to customers in other EU member states.
Q.7	I am not a retailer. Can I use the simplified VAT invoice now in my business?
A.7	Before the change only retailers could use a simplified invoice, but now all VAT registered businesses can do so, as long as the total value of the supply covered by the invoice does not exceed £250.
Q.8	I use a VAT margin scheme. What reference should I include on my invoice to show what I am selling under the margin scheme I am using?
A.8	You should include the relevant simple reference specified in the VAT regulations, which is published in the relevant VAT Margin Scheme Public Notice. For example, if you use the second hand margin scheme you need to show the reference 'margin scheme - second hand goods' on your invoice.

5. Other matters: how to respond

Responses should be sent by 12 July 2012, by email to mark.crawford@hmrc.gsi.gov.uk or by post to:

Mark Crawford
HM Revenue & Customs
VAT Process Owner's Team (VPOT)
VAT Directorate
1st Floor NW
Queens Dock,
Liverpool L74 4AA

Tel: +44 (0)151 703 8616 (from a text phone prefix this number with 18001)

email: mark.crawford@hmrc.gsi.gov.uk

This document can also be accessed from the HMRC internet site at http://www.hmrc.gov.uk/consultations/index.htm. All responses will be acknowledged, but it will not be possible to give substantive replies to individual representations.

When responding please say if you are a business, individual or representative body. In the case of representative bodies please provide information on the number and nature of people you represent.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentially can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HMRC.

HMRC will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Annex A: List of stakeholders consulted at earlier stages in this process

Association of Accounting Technicians
Association of Chartered Certified Accountants
Association of International Accountants
Association of Tax Technicians
British Retail Consortium
Chartered Institute of Management Accountants
Chartered Institute of Public Finance & Accountancy
Chartered Institute of Taxation
Confederation of British Industry
Federation of Small Businesses
Forum of Private Business
Institute of Chartered Accountants in England & Wales
Institute of Chartered Accountants of Scotland
Institute of Directors
Institute of Indirect Taxation
Law Society of England & Wales
Law Society of Scotland
One Hundred Group
VAT in Industry Group
VAT Practitioners Group

Annex B: Draft of changes to existing UK VAT regulations

STATUTORY INSTRUMENTS

2012 No. 0000

VALUE ADDED TAX

The Value Added Tax (Amendment) (No. X) Regulations 2012

(aa) Made - - - -	*2012*
Laid before the House of Commons	*2012*
Coming into force - -	*2012*

The Commissioners for Her Majesty's Revenue and Customs make the following Regulations in exercise of the powers conferred by sections 6(14) and 12(3) of, and paragraphs (2A), (2B), (3) and (6) of Schedule 11 to, the Value Added Tax Act 1994(**1**).

2.Citation and commencement

3. These Regulations may be cited as the Value Added Tax (Amendment) (No. X) Regulations 2012 and come into force on [DATE] 2012.

4.Amendment of the Value Added Tax Regulations 1995

5.—(1) The Value Added Tax Regulations 1995(**2**) are amended as follows.

(1) Omit regulation A13 (VAT invoices and other invoicing requirements: interpretation).

(2) In regulation 13 (obligation to provide a VAT invoice)—

(a) after paragraph (1A) insert—

"(1B) Paragraph (1)(b) shall not apply in the case of a supply which falls within Group 2 or Group 5 of Schedule 9 to the Act.";

(b) in paragraph (3B)(a) omit "which shall end not later than either" to the end;

(**1**) 1994 c. 23; section 96(1) defines "the Commissioners" as meaning the Commissioners of Customs and Excise and "regulations" as meaning regulations made by the Commissioners under the Act; paragraphs 2A and 2B of Schedule 11 were inserted by section 24(2) of Finance Act 2002 (c. 23); paragraph 3 of Schedule 11 was substituted by section 24(3) of Finance Act 2002; paragraph 6 of Schedule 11 was amended by paragraphs 4 and 5 of Schedule 37 to the Finance Act 2008 (c. 9). The functions of the Commissioners of Customs and Excise were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5 of the Commissioners For Revenue and Customs Act 2005 (c. 11); section 50(1) of that Act provides that a reference to the Commissioners of Customs and Excise shall be taken as a reference to the Commissioners for Her Majesty's Revenue and Customs.

(**2**) 1995/2518; relevant amending instruments are S.I. 1995/3147, 1996/1250, 2003/3220, 2007/2085 and 2010/3022.

(c) at the beginning of paragraph (5) insert "With the exception of the supplies referred to in paragraph (6),"; and

(d) after paragraph (5) insert—

"(6) The documents specified in paragraphs (1), (2), (3) and (4) shall—

(a) in the case of a supply of goods falling within section 6(7) of the Act, be provided by the 15th day of the month following that in which the removal in question takes place; and

(b) in the case of a supply of services falling within regulation 82, be provided by the 15th day of—

(i) the month following the month in which the services are treated as being performed under regulation 82(2),

(ii) the month following the month during which the services are treated as separately and successively made as a result of payments being made under regulation 82(4), or

(iii) the January following the 31st December on which the services are treated as being supplied under regulation 82(6).

(7) Both the supplier and the customer shall ensure the authenticity of the origin, the integrity of the content and the legibility of an invoice for such time as the invoice is required to be preserved.

(8) In this regulation—

(a) "authenticity of the origin" of an invoice means the assurance of either the identity of the supplier of the underlying goods or services or the issuer of that invoice ;

(b) "integrity of the content" of an invoice means that the content required by regulation 14 has not been altered".".

(3) In regulation 13A (electronic invoicing)—

(a) in paragraph (1) for "by electronic transmission" substitute "in any electronic format"; and

(b) for paragraphs (2) to (4) substitute—

"(2) The document is not to be treated as the VAT invoice required to be provided by the supplier under regulation 13(1) unless the use of the electronic invoice is accepted by the customer.

(3) When the document is a self-billed invoice that purports to be a VAT invoice, paragraph (2) applies as if the reference to the supplier is to the customer and the reference to the customer is to the supplier.

(4) In this regulation "electronic invoice" means an invoice that contains the particulars required by regulation 14 and which has been issued and received in any electronic format.".

(4) In regulation 14 (contents of VAT invoice)—

(a) in paragraph (1)(n), for "a relevant reference" to the end substitute "the reference "margin scheme: works of art", "margin scheme: antiques or collectors' items", "margin scheme: second-hand goods", or "margin scheme: tour operators" as appropriate;

(b) in paragraph (1)(o), for "a relevant reference" to the end substitute "the reference "reverse charge""; and

(c) in paragraph (7), for “by electronic transmission” substitute “in any electronic format”.

(5) After regulation 16 (retailers’ invoices), insert—

“*Simplified invoices*

16A. In any case where the consideration for a supply does not exceed £250 and the supply is other than to a person in another member State, the VAT invoice that a registered person is required to provide need contain only the following particulars—

(a) the name, address and registration number of the supplier;

(b) the time of the supply;

(c) a description sufficient to identify the goods or services supplied;

(d) the total amount payable including VAT; and

(e) for each rate of VAT chargeable, the gross amount payable including VAT, and the VAT rate applicable.”.

(6) Omit regulation 86(5) (supplies of water, gas etc).

(7) Omit regulation 87 (acquisitions of water, gas etc).

Name
Name
DATE 2012 Two of the Commissioners for Her Majesty’s Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend Parts 3 (VAT invoices and other invoicing requirements) and 11 (time of supply and time of acquisition) of the Value Added Tax Regulations 1995 (S.I. 1995/2518) ("the Regulations") to implement the changes required by Council Directive 2010/45/EU.

Regulation 2(2) omits regulation A13 (interpretation of Part 3) as the definitions are now redundant.

Regulation 2(3) amends regulation 13 (obligation to provide a VAT invoice) to: (i) limit the obligation to provide an invoice in the case of the specified exempt supplies; (ii) simplify the provisions relating to self-billing; (iii) make specific provision about the time when specified documents need to be provided; (iv) make provision as to the obligations of the supplier and customer; and (v) define the new terms that are used.

Regulation 2(4) amends regulation 13A (electronic invoicing) to simplify the provisions so that the only limitation on the use of an electronic invoice (as defined) is that the invoice must be accepted by the customer (or accepted by the supplier in the case of a self-billed invoice).

Regulation 2(5) amends regulation 14 (contents of VAT invoice) to update the specified particulars that are required in relation to margin scheme and reverse charge invoices.

Regulation 2(6) inserts a new regulation 16A (simplified invoices) to provide for the more general use of simplified invoices.

Regulation 2(7) omits regulations 86(5) (supplies of water, gas etc) and 87 (acquisitions of water, gas etc) to remove the specific provisions as to when certain supplies and acquisitions are treated as taking place.

A Tax Information and Impact Note covering this instrument will be published on the HMRC website at http://www.hmrc.gov.uk/the library/tiins.htm.

STATUTORY INSTRUMENTS

2012 No.

VALUE ADDED TAX

The Value Added Tax (Removal of Goods) (Amendment) Order 2012

(aa) Made - -	*-*	*2012*
Laid before the House of Commons		*2012*
Coming into force -	*-*	*2012*

The Treasury, in exercise of the powers conferred by section 5(3) of the Value Added Tax Act 1994(**3**), make the following Order:

6.Citation and commencement

7. This Order may be cited as the Value Added Tax (Removal of Goods) (Amendment) Order 2012 and comes into force on [DATE] 2012.

8.Amendment of the Value Added Tax (Removal of Goods) Order 1992

9.—(2) The Value Added Tax (Removal of Goods) Order 1992(**4**) is amended as follows.

(1) In article 4—

(a) omit paragraph (d);

(b) for paragraph (e), substitute—

“(e) where—

(i) the goods have been removed to another member State for the purpose of delivering them to a person (other than the owner) who is to value or carry out any work on them in that member State; and

(ii) the owner intends that the goods will be returned to him by their removal to the member State of dispatch upon completion of the valuation or work;”.

(c) in paragraph (h), for “(d)(iii),”substitute “(e)”;

(d) omit paragraph (i).

(2) In article 5, for “(d)” substitute “(e)”.

.

Name
Name

Date Two of the Lords Commissioners of Her Majesty’s Treasury

(**3**) 1994 c. 23.
(**4**) S.I. 1992/3111.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on [DATE] 2012, amends the Value Added Tax (Removal of Goods) Order 1992 (S.I. 1992/3111) ("the Order").

Article 3 amends article 4 of the Order to (1) remove some redundant provisions and (2) make it clear that, in cases covered by paragraph (e), the goods have to be returned to the owner in the member State of dispatch after they are valued or work is carried out on them in the member State to which they have been removed, as required by Article 6 of Council Directive 95/7/EC of 10 April 1995 amending Directive 77/388/EEC (OJ L 102 p. 18).

A Tax Information and Impact Note covering this instrument will be published on the HMRC website at http://www.hmrc.gov.uk/thelibrary/tiins.htm.