

Order made by the Treasury, laid before the House of Commons under section 97(3) of the Value Added Tax Act 1994, for approval by resolution of that House within twenty-eight days beginning with the date on which the Order was made, subject to extension for periods of dissolution, prorogation or adjournment for more than four days.

S T A T U T O R Y I N S T R U M E N T S

2011 No. 21

VALUE ADDED TAX

**The Value Added Tax (Payments on Account) (Amendment)
Order 2011**

<i>Made</i>	- - - -	<i>10th January 2011</i>
<i>Laid before the House of Commons</i>		<i>11th January 2011</i>
<i>Coming into force</i>		
<i>Articles 1 and 2(a), (c), (d) and (e)</i>		<i>1st June 2011</i>
<i>Article 2(b)</i>		<i>1st December 2011</i>

The Treasury consider it desirable to make an order under section 28 of the Value Added Tax Act 1994^(a) in the interests of the national economy.

The Treasury make the following Order in exercise of the powers conferred by sections 28(1), (2), (4) and (5) of the Value Added Tax Act 1994.

Citation and Commencement

1.—(1) This Order may be cited as the Value Added Tax (Payments on Account) (Amendment) Order 2011.

(2) This Order comes into force on 1st June 2011 save for Article 2(b) which comes into force on 1st December 2011.

Amendment of the Value Added Tax (Payments on Account) Order 1993

- 2.** The Value Added Tax (Payments on Account) Order 1993^(b) is amended as follows—
- (a) in article 2(1) in the definition of “the basic period” for “£2,000,000” substitute “the figure specified in article 5(1) or 6(1)”;
 - (b) in article 5(1) for “£2,000,000” substitute “£2,300,000”;
 - (c) in article 6(1) for “£2,000,000” substitute “£2,300,000”;
 - (d) in article 7 for “£1,600,000” substitute “£1,800,000”; and

^(a) 1994 c. 23; section 28(2A) was inserted by section 34 of the Finance Act 1996 (c. 8) and section 28(2AA) was inserted by section 43 of the Finance Act 1997 (c. 16).

^(b) S.I. 1993/2001, amended by S.I. 1995/291; there are other amending instruments but none is relevant.

(e) in article 16(1) for “£2,000,000” substitute “the figure specified in article 5(1) or 6(1) respectively”.

*Michael Fabricant
James Duddridge*

10th January 2011

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order increases the thresholds in the Value Added Tax (Payments on Account) Order 1993 (S.I. 1993/2001) (“the Principal Order”) above which a person becomes liable to make payments on account of VAT and below which a person ceases to be liable to make payments on account of VAT.

The changes to the thresholds are in consequence of the change in the standard rate of VAT from 17.5% to 20% with effect from 4th January 2011.

Article 2(b) increases the annual threshold above which a person becomes liable to make payments on account of VAT from £2,000,000 to £2,300,000 with effect from 1st December 2011.

Article 2(c) increases the in-year threshold above which a person becomes liable to make payments on account of VAT from £2,000,000 to £2,300,000 with effect from 1st June 2011.

Article 2(d) increases the in-year threshold below which a person ceases to be liable to make payments on account of VAT from £1,600,000 to £1,800,000 with effect from 1st June 2011.

Articles 2(a) and (e) make consequential amendments to articles 2(1) and 16(1) of the Principal Order.

A full and final Impact Assessment has not been produced for this instrument as a negligible impact on the private or voluntary sectors is foreseen.

A full Impact Assessment of the effect that the increase in the VAT rate will have on the costs of business and the voluntary sector is available at <http://www.hmrc.gov.uk/better-regulation/ia.htm>.

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