

**2011 No. 1071**

**VALUE ADDED TAX**

**The Value Added Tax (Input Tax) (Amendment) Order 2011**

*Made* - - - - *5th April 2011*

*Laid before the House of Commons* *6th April 2011*

*Coming into force* - - *1st May 2011*

The Treasury make the following Order in exercise of the powers conferred by section 25(7) of the Value Added Tax Act 1994(a):

**Citation and commencement**

1. This Order may be cited as the Value Added Tax (Input Tax) (Amendment) Order 2011 and comes into force on 1st May 2011.

**Amendment to the Value Added Tax (Input Tax) Order 1992**

2.—(1) The Value Added Tax (Input Tax) Order 1992(b) is amended as follows.

(2) In article 5(1) after the words “for the purposes of business entertainment” insert “unless the entertainment is provided for an overseas customer of the taxable person and is of a kind and on a scale which is reasonable, having regard to all the circumstances”.

(3) After article 5(3) insert—

“(4) For the purposes of this article “overseas customer”, in relation to a taxable person, means—

- (a) any person who is not ordinarily resident nor carrying on a business in the United Kingdom or the Isle of Man and avails himself or herself, or may be expected to avail himself or herself, in the course of a business carried on by that person outside the United Kingdom and the Isle of Man, of any goods or services the supply of which forms part of the taxable person’s business; and
- (b) any person who is not ordinarily resident in the United Kingdom or the Isle of Man and is acting, in relation to such goods or services, on behalf of an overseas customer as defined in paragraph (a) above or on behalf of any government or public authority outside the United Kingdom and the Isle of Man.”.

*Angela Watkinson*  
*Michael Fabricant*

5th April 2011

Two of the Lords Commissioners of Her Majesty’s Treasury

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(a) 1994 c. 23.

(b) S.I. 1992/3222; relevant amending instruments are S.I. 1995/281 and S.I. 1999/2930.

## EXPLANATORY NOTE

*(This note is not part of the Order)*

The Value Added Tax (Input Tax) Order 1992 (S.I. 1992/3222) (“the 1992 Order”) restricts recovery of Value Added Tax (“VAT”) charged on certain goods and services. Article 5 of that Order restricts recovery of tax charged on any goods or services used for the purposes of business entertainment. This Order amends the 1992 Order.

Article 2(2) of this Order amends article 5(1) of the 1992 Order to allow recovery of VAT charged on business entertainment for an overseas customer when it is of a kind and on a scale which is reasonable in all the circumstances.

Article 2(3) of this Order inserts a new article 5(4) into the 1992 Order to provide a definition of overseas customer.

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>.

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