

Amendment	Clause	Page	Line
62	18	17	34

Paul Boateng (Brent South – Lab)

Amendment 62

Page 17, line 34, at end insert –

‘except subsection (2A) which applies in relation to any appeal notice of which is given on or after the day on which this Act is passed’.

EXPLANATORY NOTES

CLAUSE 18: Joint and several liability for unpaid VAT of another trader

SUMMARY

1. This clause introduces a targeted anti-fraud measure that imposes a joint and several liability for payment of VAT. If Customs establish that businesses either knew or had reasonable grounds to suspect that VAT would go unpaid within the same supply chain, Customs can recover the unpaid VAT from any business involved in that supply chain. This will apply to both the supplier and recipient of certain commodities strictly specified in the legislation. Additional safeguards will ensure that innocent businesses are not unwittingly caught by this measure. It took effect on 10 April 2003.

DETAILS OF THE AMENDMENT

2. Subsection (3) of this clause applies section 77A from 10 April 2003. This amendment means that appeals that are entertained on or after Royal Assent will be treated in the same way as other appeals involving assessments and penalties are presently treated in that the amount of tax specified will be required to be paid or deposited before the appeal can be entertained.

BACKGROUND

3. This measure is intended to help tackle Missing Trader Intra-Community VAT fraud – a fraud that cost the UK between £1.7 - £2.75 billion in 2001/02. It is targeted at fraudsters who are distorting and damaging honest competition

and is wholly consistent with the Government's fairness and enterprise agendas.

4. This proposed amendment (along with amendment 61) has been prompted by questions from the trade which have disclosed a possible avenue for abuse in that the clause as drafted does not bring the new measure in line with the requirements that apply to other assessments and penalties. This amendment does no more than redress that.