

Chapter 2 Adjustment and recovery of consideration

Adjustment and recovery of consideration. VATA s. 35(1A) to (2)

45.—(1) Where, after the making of an agreement for the supply of goods or services and before the date on which under section 74 (1) or (2), as may be appropriate, any tax in respect of the transaction falls due, there is a change in the amount of tax chargeable on the supply in question, then, in the absence of agreement to the contrary, there shall be added to or deducted from the total amount of the consideration and any tax stated separately under the agreement an amount equal to the amount of the change in the tax chargeable.

(2) References in subsection (1) to a change in the amount of tax chargeable on the supply of goods or services include references to a change to or from a situation in which no tax is being charged on the supply.

(3) Subject to subsection (4), where, in relation to a supply of goods or services by an accountable person, the person issues an invoice in which the tax chargeable in respect of the transaction is stated separately, then, for the purpose of its recovery, the tax so stated shall be deemed to be part of the consideration for the transaction and shall be recoverable accordingly by the person.

(4) Where the invoice referred to in subsection (3) is issued pursuant to section 66 (1), subsection (3) shall not apply unless the invoice is in the form and contains the particulars specified by regulations.