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Statement on Infraction Proceedings on Vat Treatment of Certain Commodity Derivatives Trading

The European Commission on 8th March 2018 provided notification of infraction proceedings against the UK in respect of VAT treatment of certain commodity derivatives, trading under the Terminal Markets Order (TMO). The TMO is a Statutory Instrument (SI) that allows a specific VAT zero rate for derivative transactions in spots, futures (and options on) commodity contracts, when traded on an exchange.

The UK received a "letter of formal notice" from the EU Commission pursuant to Article 258 of the Treaty on the Functioning of the European Union. This is the first stage of the infraction process. The letter sets out the Commission's initial views on the UK's VAT treatment of certain exchange traded commodity derivatives, and invites a response from the UK Government within two months.

The UK Government will consider the Commission's views and will respond in due course. The issuance of the letter does not have any immediate effect on UK tax law and the matter will be subject to the normal infraction process, which is open to challenge.

[Read more](#)

UK Government to Table Devolution Amendments to EU Withdrawal Bill

UK Government will table proposed changes to the devolution aspects of the EU Withdrawal Bill to allow Parliament to have an open and informed debate on proposals.

The decision to proceed with the amendments to the Bill in the UK Parliament came after meeting held on 8th March 2018 of the Joint Ministerial Committee on EU negotiations where Mr Lidington said it was now imperative for the UK Government to fulfil the commitment given to Parliament to table changes to Clause 11 of the Withdrawal Bill.

The Minister said that discussions with the devolved governments would continue in the hope of reaching an agreement but the need for Parliament to have a detailed debate on the issues that have been discussed for some time now between the various governments had to be respected. The House of Lords are due to debate Clause 11 of the Bill in just over a week.

[Read more](#)

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INDIA JURIS

F-116

Lajpat Nagar-1

New Delhi - 110 024, India

Ph: +91-11-29814816 / 29814817

Fax: +91-11-29815116

E: newdelhi@indiajuris.com

www.indiajuris.com

International Desks

Asia & Australia

M.P.Mehani

asia@indiajuris.com

Americas

Shivkumar Idnani

americas@indiajuris.com

UK & Europe

Sameer Rastogi

europe@indiajuris.com

Africa

Rahul Gupta

africa@indiajuris.com

Middle East

Dinesh Sabharwal

middleeast@indiajuris.com

