



Value Added Tax Act 1983

CHAPTER 55

ARRANGEMENT OF SECTIONS

Imposition and extent of tax

Section

1. Value added tax.
2. Scope of tax.

Supply

3. Meaning of “supply”: alteration by Treasury order.
4. Time of supply.
5. Further provisions relating to time of supply.
6. Place of supply.
7. Reverse charge on supplies received from abroad.
8. Place where supplier or recipient of services belongs.

Rate of tax and determination of value

9. Rate of tax.
10. Value of supply of goods or services.
11. Value of imported goods.
12. Value of certain goods.
13. Gaming machines.

Credit for input tax against output tax

14. Credit for input tax against output tax.
15. Input tax allowable under section 14.

Reliefs

16. Zero-rating.
17. Exemptions.
18. Relief on supply of certain second-hand goods.
19. Relief from tax on importation of goods.

Refunds

Section

20. Refund of tax in certain cases.
21. Refund of tax to persons constructing new homes otherwise than in the course or furtherance of any business.
22. Refund of tax in cases of bad debts.

Repayment

23. Repayment of tax to those in business overseas.

Further provisions as to importation of goods

24. Application of customs enactments.
25. Importation of goods by taxable persons.
26. Goods imported for private purposes.

Special cases

27. Application to Crown.
28. Local authorities.
29. Groups of companies.
30. Partnerships.
31. Business carried on in divisions or by unincorporated bodies, personal representatives, etc.
32. Agents, etc.
33. Transfers of going concerns.
34. Terminal markets.
35. Supplies of dutiable goods in warehouse.
36. Capital goods.
37. Trading stamp schemes.

General

38. Administration, collection and enforcement.
39. Offences and penalties.
40. Appeals.
41. Supplies spanning change of rate, etc.
42. Adjustment of contracts on changes in tax.
43. Failure of resolution under Provisional Collection of Taxes Act 1968.
44. Disclosure of information for statistical purposes.

Supplemental

45. Orders, rules and regulations.
46. Service of notices.
47. Meaning of "business", etc.
48. Interpretation.
49. Refund of tax to Government of Northern Ireland.
50. Consequential, transitional and saving provisions and repeals.
51. Short title, commencement and extent.

SCHEDULES:

- Schedule 1—Registration.
- Schedule 2—Matters to be treated as supply of goods or services.
- Schedule 3—Services supplied where received.
- Schedule 4—Valuation—special cases.
- Schedule 5—Zero-rating.
- Schedule 6—Exemptions.
- Schedule 7—Administration, collection and enforcement.
- Schedule 8—Constitution and procedure of value added tax tribunals.
- Schedule 9—Consequential amendments.
- Schedule 10—Savings and transitional provisions.
- Schedule 11—Repeals.



Value Added Tax Act 1983

1983 CHAPTER 55

An Act to consolidate the enactments relating to value added tax. [26th July 1983]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Imposition and extent of tax

1. A tax, to be known as value added tax, shall be charged ^{Value added} in accordance with the provisions of this Act on the supply of ^{tax.} goods and services in the United Kingdom (including anything treated as such a supply) and on the importation of goods into the United Kingdom.

2.—(1) Tax shall be charged on any supply of goods or ser- ^{Scope of tax.} vices made in the United Kingdom, where it is a taxable supply made by a taxable person in the course or furtherance of any business carried on by him.

(2) A person who makes or intends to make taxable supplies is a taxable person while he is or is required to be registered under this Act; and a taxable supply is a supply of goods or services made in the United Kingdom other than an exempt supply.

(3) Tax on any supply of goods or services is a liability of the person making the supply and (subject to provisions about accounting and payment) becomes due at the time of supply.

(4) Tax on the importation of goods shall be charged and payable as if it were a duty of customs.

(5) Schedule 1 to this Act shall have effect with respect to registration.

Supply

Meaning of
"supply":
alteration by
Treasury
order.

3.—(1) Schedule 2 to this Act shall apply for determining what is, or is to be treated as, a supply of goods or a supply of services.

(2) Subject to any provision made by that Schedule and to Treasury orders under subsections (3) to (6) below—

- (a) "supply" in this Act includes all forms of supply, but not anything done otherwise than for a consideration ;
- (b) anything which is not a supply of goods but is done for a consideration (including, if so done, the granting, assignment or surrender of any right) is a supply of services.

(3) The Treasury may by order provide with respect to any description of transaction—

- (a) that it is to be treated as a supply of goods and not as a supply of services ; or
- (b) that it is to be treated as a supply of services and not as a supply of goods ; or
- (c) that it is to be treated as neither a supply of goods nor a supply of services ;

and without prejudice to the foregoing, such an order may provide that paragraph 5(3) of Schedule 2 to this Act is not to apply, in relation to goods of any prescribed description used or made available for use in prescribed circumstances, so as to make that a supply of services under that paragraph.

(4) Without prejudice to subsection (3) above, the Treasury may by order make provision for securing, with respect to services of any description specified in the order, that where—

- (a) a person carrying on a business does anything which is not a supply of services but would, if done for a consideration, be a supply of services of a description specified in the order ; and
- (b) such other conditions as may be specified in the order are satisfied,

such services are treated for the purposes of this Act as being supplied by him in the course or furtherance of that business.

(5) The Treasury may by order make provision for securing, subject to any exceptions provided for by or under the order,

that where in such circumstances as may be specified in the order goods of a description so specified are acquired or produced by a person in the course or furtherance of a business carried on by him and—

(a) are neither supplied to another person nor incorporated in other goods produced in the course or furtherance of that business ; but

(b) are used by him for the purpose of a business carried on by him,

the goods are treated for the purposes of this Act as being both supplied to him for the purpose of that business and supplied by him in the course or furtherance of it.

(6) The Treasury may by order make provision for securing, with respect to services of any description specified in the order, that where—

(a) a person, in the course or furtherance of a business carried on by him, does anything for the purpose of that business which is not a supply of services but would, if done for a consideration, be a supply of services of a description specified in the order ; and

(b) such other conditions as may be specified in the order are satisfied,

such services are treated for the purposes of this Act as being both supplied to him for the purpose of that business and supplied by him in the course or furtherance of it.

(7) For the purposes of this section, where goods are manufactured or produced from any other goods those other goods shall be treated as incorporated in the first-mentioned goods.

(8) An order under subsection (4) or (6) above may provide for the method by which the value of any supply of services which is treated as taking place by virtue of the order is to be calculated.

4.—(1) The provisions of this section and section 5 below shall apply for determining the time when a supply of goods or services is to be treated as taking place for the purposes of the charge to tax. Time of supply.

(2) Subject to the provisions of section 5 below, a supply of goods shall be treated as taking place—

(a) if the goods are to be removed, at the time of the removal ;

(b) if the goods are not to be removed, at the time when they are made available to the person to whom they are supplied ;

(c) if the goods (being sent or taken on approval or sale or return or similar terms) are removed before it is known whether a supply will take place, at the time when it becomes certain that the supply has taken place or, if sooner, 12 months after the removal.

(3) Subject to the provisions of section 5 below, a supply of services shall be treated as taking place at the time when the services are performed.

Further provisions relating to time of supply.

5.—(1) If, before the time applicable under subsection (2) or subsection (3) of section 4 above, the person making the supply issues a tax invoice in respect of it or if, before the time applicable under paragraph (a) or (b) of subsection (2) or subsection (3) of that section, he receives a payment in respect of it, the supply shall, to the extent covered by the invoice or payment, be treated as taking place at the time the invoice is issued or the payment is received.

(2) If, within 14 days after the time applicable under subsection (2) or subsection (3) of section 4 above, the person making the supply issues a tax invoice in respect of it, then, unless he has notified the Commissioners in writing that he elects not to avail himself of this subsection, the supply shall (to the extent that it is not treated as taking place at the time mentioned in subsection (1) above) be treated as taking place at the time the invoice is issued.

(3) The Commissioners may, at the request of a taxable person, direct that subsection (2) above shall apply in relation to supplies made by him (or such supplies made by him as may be specified in the direction) as if for the period of 14 days there were substituted such longer period as may be specified in the direction.

(4) Where a taxable person provides a document to himself which—

(a) purports to be a tax invoice in respect of a supply of goods or services to him by another taxable person; and

(b) is in accordance with regulations under paragraph 2 of Schedule 7 to this Act treated as the tax invoice required by the regulations to be provided by the supplier, subsections (2) and (3) above shall have effect in relation to that supply as if—

(i) the provision of the document to himself by the first-mentioned taxable person were the issue by the supplier of a tax invoice in respect of the supply; and

- (ii) any notice of election given or request made by the first-mentioned taxable person for the purposes of those provisions had been given or made by the supplier.

(5) The Commissioners may, at the request of a taxable person, by direction alter the time at which supplies made by him (or such supplies made by him as may be specified in the direction) are to be treated as taking place, either—

- (a) by directing those supplies to be treated as taking place—

- (i) at times or on dates determined by or by reference to the occurrence of some event described in the direction ; or

- (ii) at times or on dates determined by or by reference to the time when some event so described would in the ordinary course of events occur, the resulting times or dates being in every case earlier than would otherwise apply ; or

- (b) by directing that, notwithstanding subsections (2) and (3) above, those supplies shall (to the extent that they are not treated as taking place at the time mentioned in subsection (1) above) be treated as taking place—

- (i) at the beginning of the relevant working period (as defined in his case in and for the purposes of the direction) ; or

- (ii) at the end of the relevant working period (as so defined).

(6) Where goods are treated as supplied by an order under section 3(5) above, the supply is treated as taking place when they are appropriated to the use mentioned in that section.

(7) Where there is a supply of goods by virtue only of paragraph 5(1) of Schedule 2 to this Act, the supply is treated as taking place when the goods are transferred or disposed of as mentioned in that paragraph.

(8) Where there is a supply of services by virtue only of paragraph 5(3) of Schedule 2 to this Act, the supply is treated as taking place when the goods are appropriated to the use mentioned in that paragraph.

(9) The Commissioners may by regulations make provision with respect to the time at which (notwithstanding section 4 above and subsections (1) to (3) and (6) to (8) above) a supply is to be treated as taking place in cases where it is a supply—

- (a) of goods or services for a consideration the whole or part of which is determined or payable periodically, or from time to time, or at the end of any period ; or

(b) of goods for a consideration the whole or part of which is determined at the time when the goods are appropriated for any purpose,

or where there is a supply of services by virtue of paragraph 5(3) of Schedule 2 to this Act or an order under section 3(4) above; and for any such case as is mentioned in this subsection the regulations may provide for goods or services to be treated as separately and successively supplied at prescribed times or intervals.

(10) In this section "tax invoice" means such an invoice as is required under paragraph 2(1) of Schedule 7 to this Act or would be so required if the person to whom the supply is made were a taxable person.

Place of
supply.

6.—(1) This section shall apply for determining, for the purposes of the charge to tax, whether goods or services are supplied in the United Kingdom.

(2) If the supply of any goods does not involve their removal from or to the United Kingdom they shall be treated as supplied in the United Kingdom if they are in the United Kingdom and otherwise shall be treated as supplied outside the United Kingdom.

(3) If the supply of any goods involves their removal from the United Kingdom they shall be treated as supplied in the United Kingdom and if it involves their removal to the United Kingdom they shall be treated as supplied outside the United Kingdom.

(4) For the purposes of subsections (2) and (3) above, where goods, in the course of their removal from a place in the United Kingdom to another place in the United Kingdom, leave and re-enter the United Kingdom the removal shall not be treated as a removal from or to the United Kingdom.

(5) A supply of services shall be treated as made—

(a) in the United Kingdom if the supplier belongs in the United Kingdom; and

(b) in another country (and not in the United Kingdom), if the supplier belongs in that other country.

(6) The Treasury may by order provide, in relation to services generally or to particular services specified in the order, for varying the rules for determining where a supply of services is made.

- 7.—(1) Subject to subsection (3) below, where relevant services are—
- (a) supplied by a person who belongs in a country other than the United Kingdom ; and
 - (b) received by a taxable person who belongs in the United Kingdom for the purposes of any business carried on by him,

Reverse charge on supplies received from abroad.

then all the same consequences shall follow under this Act (and particularly so much as charges tax on a supply and entitles a taxable person to credit for input tax) as if the taxable person had himself supplied the services in the United Kingdom in the course or furtherance of his business, and that supply were a taxable supply.

(2) In this section “ relevant services ” means services of any of the descriptions specified in Schedule 3 to this Act, not being services within any of the descriptions specified in Schedule 6 to this Act.

(3) Supplies which are treated as made by the taxable person under subsection (1) above are not to be taken into account as supplies made by him when determining the allowance of input tax in his case under section 15(1) below.

(4) In applying subsection (1) above, the supply of services treated as made by the taxable person shall be assumed to have been made—

- (a) for whatever consideration the services were in fact supplied to him ; and
- (b) at a time to be determined in accordance with regulations prescribing rules for attributing a time of supply in cases within that subsection.

(5) The Treasury may by order add to, or vary, Schedule 3 to this Act.

8.—(1) Subsection (2) below shall apply for determining, in relation to any supply of services, whether the supplier belongs in one country or another and subsections (3) and (4) below shall apply for determining, in relation to any supply of services, whether the recipient belongs in one country or another.

Place where supplier or recipient of services belongs.

(2) The supplier of services shall be treated as belonging in a country if—

- (a) he has there a business establishment or some other fixed establishment and no such establishment elsewhere ; or
- (b) he has no such establishment (there or elsewhere) but his usual place of residence is there ; or

- (c) he has such establishments both in that country and elsewhere and the establishment of his which is most directly concerned with the supply is there.

(3) If the supply of services is made to an individual and received by him otherwise than for the purposes of any business carried on by him, he shall be treated as belonging in whatever country he has his usual place of residence.

(4) Where subsection (3) above does not apply, the person to whom the supply is made shall be treated as belonging in a country if—

- (a) either of the conditions mentioned in paragraphs (a) and (b) of subsection (2) above is satisfied ; or
- (b) he has such establishments as are mentioned in subsection (2) above both in that country and elsewhere and the establishment of his at which, or for the purposes of which, the services are most directly used or to be used is in that country.

(5) For the purposes of this section (but not for any other purposes)—

- (a) a person carrying on a business through a branch or agency in any country shall be treated as having a business establishment there ; and
- (b) “ usual place of residence ”, in relation to a body corporate, means the place where it is legally constituted.

Rate of tax and determination of value

Rate of tax.

9.—(1) Subject to the following provisions of this section, tax shall be charged at the rate of 15 per cent. and shall be charged—

- (a) on the supply of goods or services, by reference to the value of the supply as determined under this Act ; and
- (b) on the importation of goods, by reference to the value of the goods as determined under this Act.

(2) The Treasury may by order increase or decrease the rate of tax for the time being in force by such percentage thereof not exceeding 25 per cent. as may be specified in the order, but any such order shall cease to be in force at the expiration of a period of one year from the date on which it takes effect, unless continued in force by a further order under this subsection.

(3) In relation to an order made under subsection (2) above to continue, vary or replace a previous order, the reference in that subsection to the rate for the time being in force is a reference to the rate which would be in force if no order under that subsection had been made.

10.—(1) For the purposes of this Act the value of any supply of goods or services shall be determined as follows. Value of supply of goods or services.

(2) If the supply is for a consideration in money its value shall be taken to be such amount as, with the addition of the tax chargeable, is equal to the consideration.

(3) If the supply is not for a consideration or is for a consideration not consisting or not wholly consisting of money, the value of the supply shall be taken to be its open market value.

(4) Where a supply of any goods or services is not the only matter to which a consideration in money relates the supply shall be deemed to be for such part of the consideration as is properly attributable to it.

(5) For the purposes of this Act the open market value of a supply of goods or services shall be taken to be the amount that would fall to be taken as its value under subsection (2) above if the supply were for such consideration in money as would be payable by a person standing in no such relationship with any person as would affect that consideration.

(6) This section has effect subject to Schedule 4 to this Act.

11.—(1) For the purposes of this Act, the value of imported goods shall be determined as follows. Value of imported goods.

(2) If the goods are imported at a price in money payable as on a transfer of the property, there being no other consideration, the value is an amount equal to the price, plus (so far as not already included)—

(a) all taxes, duties and other charges levied either outside or, by reason of importation, within the United Kingdom (except value added tax); and

(b) all costs by way of commission, packing, transport and insurance up to the port or place of importation.

(3) Where subsection (2) above does not apply, the value of the goods is their open market value as determined in accordance with Community legislation relating to the valuation of goods for customs purposes, plus (so far as not already included in that value) all such taxes, duties, charges and costs as are specified in subsection (2)(a) and (b) above.

(4) This section has effect subject to Schedule 4 to this Act.

12.—(1) Where a person makes a supply on which tax is chargeable by applying, or causing to be applied, any treatment or process to another person's goods, then if the goods— Value of certain goods.

(a) are not goods to which subsection (3) below applies, but

(b) become as a result of the treatment or process goods to which that subsection applies,

the amount of the tax chargeable shall, subject to the following provisions of this section, be determined as if the supply had been a sale for full consideration of the goods resulting from the treatment or process.

(2) Subsection (1) above does not apply where the person to whom the supply is made—

(a) is registered under this Act ; and

(b) gives to the person making the supply a certificate, in such form and containing such particulars as the Commissioners may by regulations prescribe, that the supply is for the purpose of a business carried on or to be carried on by him.

(3) This subsection applies to aircraft of a weight of 8,000 kilogrammes or more, and hovercraft, if (in each case) they have been adapted, but were not designed, for use for recreation or pleasure.

(4) The Treasury may by order vary subsection (3) above by adding to or deleting from it any description of goods or by varying any description of goods for the time being specified in it.

(5) The Treasury may by order make provision for securing a reduction of the tax chargeable on supplies to which subsection (1) above applies in cases where—

(a) tax was previously chargeable on a supply or importation of the goods to which the treatment or process is applied ; and

(b) such other conditions are satisfied as may be specified in the order or as may be imposed by the Commissioners in pursuance of the order.

(6) A person who applies or causes to be applied a treatment or process to another person's goods shall, if the goods satisfy the conditions of paragraphs (a) and (b) of subsection (1) above, be treated for the purposes of paragraph 2 of Schedule 2 to this Act as producing the resulting goods by applying the treatment or process, whether or not he would otherwise fall to be so treated.

Gaming
machines.

13.—(1) Where a person plays a game of chance by means of a gaming machine, then for the purposes of the tax (but without prejudice to subsection (2) below) the amount paid by him to play shall be treated as the consideration for a supply of services to him.

(2) The value to be taken as the value of supplies made in the circumstances mentioned in subsection (1) above in any period shall be determined as if the consideration for the supplies were reduced by an amount equal to the amount (if any) received in that period by persons (other than the person making the supply and persons acting on his behalf) playing successfully.

(3) The insertion of a token into a machine shall be treated for the purposes of subsection (1) above as the payment of an amount equal to that for which the token can be obtained; and the receipt of a token by a person playing successfully shall be treated for the purposes of subsection (2) above—

(a) if the token is of a kind used to play the machine, as the receipt of an amount equal to that for which such a token can be obtained;

(b) if the token is not of such a kind but can be exchanged for money, as the receipt of an amount equal to that for which it can be exchanged.

(4) In this section—

“game of chance” has the same meaning as in the Gaming 1968 c. 65 Act 1968; and

“gaming machine” means a machine in respect of which the following conditions are satisfied, namely—

(a) it is constructed or adapted for playing a game of chance by means of it; and

(b) a player pays to play the machine (except where he has an opportunity to play payment-free as the result of having previously played successfully), either by inserting a coin or token into the machine or in some other way; and

(c) the element of chance in the game is provided by means of the machine.

Credit for input tax against output tax

14.—(1) A taxable person shall, in respect of supplies made by him, account for and pay tax by reference to such periods (in this Act referred to as “prescribed accounting periods”), at such time and in such manner as may be determined by or under regulations. Credit for
input tax
against
output tax.

(2) Subject to the provisions of this section, he is entitled at the end of each such period to credit for so much of his input tax as is allowable under section 15 below, and then to deduct that amount from any output tax that is due from him.

(3) Subject to subsection (4) below, “input tax”, in relation to a taxable person, means the following tax, that is to say—

(a) tax on the supply to him of any goods or services; and

(b) tax paid or payable by him on the importation of any goods,

being (in either case) goods or services used or to be used for the purpose of any business carried on or to be carried on by him ; and “ output tax ” means tax on supplies which he makes.

(4) Where goods or services supplied to a taxable person, or goods imported by him, are used or to be used partly for the purposes of a business carried on or to be carried on by him and partly for other purposes, tax on supplies and importations shall be apportioned so that only so much as is referable to his business purposes is counted as his input tax.

(5) If either no output tax is due at the end of the period, or the amount of the credit exceeds that of the tax, then, subject to subsections (6) and (7) below, the amount of the credit or, as the case may be, the amount of the excess shall be paid to the taxable person by the Commissioners.

(6) The whole or any part of the credit may, subject to and in accordance with regulations, be held over to be credited in and for a subsequent period ; and the regulations may allow for it to be so held over either on the taxable person’s own application or in accordance with general or special directions given by the Commissioners from time to time.

(7) Where at the end of any period an amount is due under subsection (5) above to a taxable person who has failed to submit returns or to pay tax for any earlier period as required by this Act, the Commissioners may withhold payment of that amount until he has complied with that requirement.

(8) No deduction shall be made under subsection (2) above nor shall any payment be made under subsection (5) above, except on a claim made in such manner and at such time as may be determined by or under regulations ; and, in the case of a person who has made no taxable supplies in the period concerned or any previous period, payment under subsection (5) above shall be made subject to such conditions (if any) as the Commissioners think fit to impose, including conditions as to repayment in specified circumstances.

(9) Regulations may provide—

(a) for tax on the supply of goods or services to a taxable person, or paid or payable by him on the importation of goods, to be treated as his input tax only if and to the extent that the charge to tax is evidenced and quantified by reference to such documents as may be specified in the regulations or the Commissioners may direct either generally or in particular cases or classes of cases ;

- (b) for a taxable person to count as his input tax, in such circumstances, to such extent and subject to such conditions as may be prescribed, tax on the supply to him of goods or services or paid by him on the importation of goods notwithstanding that he was not a taxable person at the time of the supply or payment ;
- (c) for a taxable person that is a body corporate to count as its input tax, in such circumstances, to such extent and subject to such conditions as may be prescribed, tax on the supply or importation of goods acquired for it before its incorporation or on the supply of services before that time for its benefit or in connection with its incorporation ;
- (d) in the case of a person who has been, but is no longer, a taxable person, for him to be paid by the Commissioners the amount of any tax on a supply of services made to him for the purposes of the business carried on by him when he was a taxable person.

(10) The Treasury may by order provide, in relation to such supplies and importations as the order may specify, that tax charged on them is to be excluded from any credit under this section ; and—

- (a) any such provision may be framed by reference to the description of goods or services supplied or goods imported, the person by whom they are supplied or imported or to whom they are supplied, the purposes for which they are supplied or imported, or any circumstances whatsoever ; and
- (b) such an order may contain provision for consequential relief from output tax.

15.—(1) The amount of input tax for which a taxable person is entitled to credit at the end of any period shall be determined as follows—

Input tax
allowable
under
section 14.

- (a) if his business is such that all his supplies are taxable supplies, there is allowable the whole of the input tax for the period (that is input tax on supplies and importations in the period) ;
- (b) if it is such that some but not all of his supplies are taxable supplies, there is allowable such proportion of the input tax for the period as, in accordance with regulations, is attributable to taxable supplies ; and
- (c) if he has made no taxable supplies in that or any previous period of the business, there is allowable such proportion of the input tax for the period as the Com-

missioners consider in all the circumstances to be fair and reasonable.

(2) Regulations may provide for treating all supplies of goods or services by any person as taxable supplies—

(a) where the tax attributable to exempt supplies would be less than such amount, or less than such part of the whole of the input tax, as may be prescribed ; or

(b) in other prescribed circumstances.

(3) The Commissioners shall make regulations for securing a fair and reasonable attribution of input tax to taxable supplies, and any such regulations may provide for—

(a) determining a proportion of supplies in any prescribed accounting period which is to be taken as consisting of taxable supplies and provisionally attributing the input tax for that period in accordance with the proportion so determined ;

(b) adjusting, in accordance with a proportion determined in like manner for any longer period comprising two or more prescribed accounting periods or parts thereof, the provisional attribution for any of those periods ; and

(c) dispensing with an adjustment where the amounts allowable for any such longer period in accordance with provisional and adjusted attributions do not differ by more than—

(i) an amount equal to such percentage (not exceeding 10 per cent.) of the input tax for that period as may be specified in the regulations ; or

(ii) such an amount (not exceeding £10) as may be so specified,

whichever is the greater.

(4) Regulations under subsection (3) above may make different provision for different circumstances and, in particular (but without prejudice to the generality of that subsection) for different descriptions of goods or services ; and may contain such incidental and supplementary provisions as appear to the Commissioners necessary or expedient.

Reliefs

Zero-rating.

16.—(1) Where a taxable person supplies goods or services and the supply is zero-rated, then, whether or not tax would be chargeable on the supply apart from this section,—

(a) no tax shall be charged on the supply ; but

(b) it shall in all other respects be treated as a taxable supply ;

and accordingly the rate at which tax is treated as charged on the supply shall be nil.

(2) A supply of goods or services is zero-rated by virtue of this subsection if the goods or services are of a description for the time being specified in Schedule 5 to this Act or the supply is of a description for the time being so specified.

(3) Where goods of a description for the time being specified in Schedule 5 to this Act, or of a description forming part of a description of supply for the time being so specified, are imported into the United Kingdom, no tax shall be chargeable on their importation, except as otherwise provided in that Schedule.

(4) The Treasury may by order vary Schedule 5 to this Act by adding to or deleting from it any description or by varying any description for the time being specified in it.

(5) Where a description included in Schedule 5 to this Act (whether by virtue of an order under subsection (4) above or otherwise) is of a supply of goods or services outside the United Kingdom or of a transaction which would not otherwise be a supply of goods or services, the supply or transaction shall for the purposes of this Act be treated as a supply of goods or services in the United Kingdom.

(6) A supply of goods is zero-rated by virtue of this subsection if the Commissioners are satisfied that the person supplying the goods—

(a) has exported them ; or

(b) has shipped them for use as stores on a voyage or flight to an eventual destination outside the United Kingdom, or as merchandise for sale by retail to persons carried on such a voyage or flight in a ship or aircraft.

(7) Regulations may provide for the zero-rating of supplies of goods, or of such goods as may be specified in the regulations, in cases where the Commissioners are satisfied that the goods have been or are to be exported and such other conditions, if any, as may be specified in the regulations or the Commissioners may impose are fulfilled.

(8) Regulations may provide for the zero-rating of a supply of services which is made where goods are let on hire and the Commissioners are satisfied that the goods have been or are to be exported during the period of the letting, and such other conditions, if any, as may be specified in the regulations or the Commissioners may impose are fulfilled.

(9) Where the supply of any goods has been zero-rated in pursuance of regulations made under subsection (7) or (8) above and—

(a) the goods are found in the United Kingdom after the date on which they were alleged to have been or were to be exported ; or

(b) any condition specified in the regulations or imposed by the Commissioners is not complied with,

and the presence of the goods in the United Kingdom after that date or the non-observance of the condition has not been authorised for the purposes of this subsection by the Commissioners, the goods shall be liable to forfeiture under the Customs and Excise Management Act 1979 and the tax that would have been chargeable on the supply but for the zero-rating shall become payable forthwith by the person to whom the goods were supplied or by any person in whose possession the goods are found in the United Kingdom ; but the Commissioners may, if they think fit, waive payment of the whole or part of that tax.

1979 c. 2.

Exemptions.

17.—(1) A supply of goods or services is an exempt supply if it is of a description for the time being specified in Schedule 6 to this Act.

(2) The Treasury may by order vary that Schedule by adding to or deleting from it any description of supply or by varying any description of supply for the time being specified in it and the Schedule may be varied so as to describe a supply of goods by reference to the use which has been made of them or to other matters unrelated to the characteristics of the goods themselves.

Relief on supply of certain second-hand goods.

18.—(1) The Treasury may by order make provision for securing a reduction of the tax chargeable on the supply of goods of such descriptions as may be specified in the order in cases where no tax was chargeable on a previous supply of the goods and such other conditions are satisfied as may be specified in the order or as may be imposed by the Commissioners in pursuance of the order.

(2) The amount of the reduction that may be secured by an order under this section shall not exceed the amount of tax that would have been chargeable on the previous supply had tax been chargeable on it at the same rate as that at which the tax to be reduced would be chargeable but for the reduction.

(3) An order under this section making provision for reducing the tax chargeable on the supply of goods of any description may include provision—

(a) for giving relief from the tax chargeable on the importation of goods of that description ; and

(b) for securing the like reduction where no tax was chargeable on the importation of goods of that description as where no tax was chargeable on a previous supply of the goods.

(4) An order under this section may extend to cases where the previous supply or the importation took place before tax was chargeable on any supply or importation.

(5) The preceding provisions of this section shall, with the necessary modifications, apply in relation to cases where consequential relief from tax was given on a previous supply by an order under section 14(10) above but the relief did not extend to the whole amount of the tax.

(6) An order under this section may make different provision for goods of different descriptions and for different circumstances.

(7) In this section references to a supply on which no tax was chargeable include references to a transaction treated by virtue of an order under section 3(3) above as neither a supply of goods nor a supply of services.

19.—(1) The Treasury may by order make provision for giving relief from the whole or part of the tax chargeable on the importation of goods, subject to such conditions (including conditions prohibiting or restricting the disposal of or dealing with the goods) as may be imposed by or under the order, if and so far as the relief appears to the Treasury to be necessary or expedient, having regard to any international agreement or arrangements. Relief from tax on importation of goods.

(2) The Commissioners may by regulations make provision for remitting or repaying, if they think fit, the whole or part of the tax chargeable on the importation of any goods which are shown to their satisfaction to have been previously exported from the United Kingdom.

(3) The Commissioners may by regulations make provision for remitting or repaying the whole or part of the tax chargeable on the importation of any goods if they are satisfied that the goods have been or are to be re-exported and they think fit to do so in all the circumstances and having regard—

(a) to the tax chargeable on the supply of like goods in the United Kingdom ;

(b) to any value added tax which may have become chargeable in another member State in respect of the goods.

Refunds

Refund of
tax in certain
cases.

20.—(1) Subject to the following provisions of this section, where tax is chargeable on the supply of goods or services to, or on the importation of goods by, a body to which this section applies and the supply or importation is not for the purpose of any business carried on by the body, the Commissioners shall, on a claim made by the body at such time and in such form and manner as the Commissioners may determine, refund to it the amount of the tax so chargeable.

(2) Where goods or services so supplied to or imported by the body cannot be conveniently distinguished from goods or services supplied to or imported by it for the purpose of a business carried on by it, the amount to be refunded under this section shall be such amount as remains after deducting from the whole of the tax chargeable on any supply to or importation by the body such proportion thereof as appears to the Commissioners to be attributable to the carrying on of the business; but where the tax so attributable is or includes tax attributable, in accordance with regulations under section 15 above, to exempt supplies by the body and the tax attributable to the exempt supplies is in the opinion of the Commissioners an insignificant proportion of the tax so chargeable they may include it in the tax refunded under this section.

(3) The bodies to which this section applies are—

- (a) a local authority;
- (b) a water authority, a river purification board established under section 135 of the Local Government (Scotland) Act 1973, a statutory water undertaker within the meaning of the Water Act 1973 and a water development board within the meaning of section 109 of the Water (Scotland) Act 1980;
- (c) an internal drainage board within the meaning of the Land Drainage Act 1976;
- (d) the London Transport Executive and a passenger transport authority or executive established under Part II of the Transport Act 1968;
- (e) a port health authority constituted under Part I of the Public Health Act 1936, and a port local authority and joint port local authority constituted under Part X of the Public Health (Scotland) Act 1897;
- (f) a police authority and the Receiver for the Metropolitan Police District;
- (g) a development corporation within the meaning of the New Towns Act 1981 or the New Towns (Scotland) Act 1968, a new town commission within the meaning

1973 c. 65.

1973 c. 37.

1980 c. 45.

1976 c. 70.

1968 c. 73.

1936 c. 49.

1897 c. 38.

1981 c. 64.

1968 c. 16.

- of the New Towns Act (Northern Ireland) 1965 and the Commission for the New Towns ; 1965 c. 13 (N.I.).
- (h) a general lighthouse authority within the meaning of Part XI of the Merchant Shipping Act 1894 ; 1894 c. 60.
- (i) the British Broadcasting Corporation ;
- (j) Independent Television News Limited ; and
- (k) any body specified for the purposes of this section by an order made by the Treasury.

(4) No tax shall be refunded under this section to a general lighthouse authority which in the opinion of the Commissioners is attributable to activities other than those concerned with the provision, maintenance or management of lights or other navigational aids.

(5) References in this section to tax chargeable do not include any tax which, by virtue of any order under section 14(10) above, is excluded from credit under that section.

(6) In this section "local authority" means the council of a county, district, London borough, parish or group of parishes (or, in Wales, community or group of communities), the Greater London Council, the Common Council of the City of London, the Council of the Isles of Scilly, and any joint committee or joint board established by two or more of the foregoing and, in relation to Scotland, a regional, islands or district council within the meaning of the Local Government (Scotland) Act 1973, 1973 c. 65. any combination and any joint committee or joint board established by two or more of the foregoing and any joint board to which section 226 of that Act applies.

21.—(1) Subject to the following provisions of this section, where tax becomes chargeable on the supply of goods to, or the importation of goods by, a person constructing a dwelling lawfully and otherwise than in the course or furtherance of any business carried on by him, and those goods—

- (a) are incorporated in the dwelling or its site, and
- (b) are of such a nature that if he were a taxable person constructing the dwelling for the purpose of granting a major interest in it he would be entitled to credit for that tax as input tax,

the Commissioners shall, on a claim made by him in that behalf, refund to him the amount of the tax so chargeable.

(2) The Commissioners shall not be required to entertain a claim for a refund of tax under this section unless the claim—

- (a) is made within such time and in such form and manner, and
- (b) contains such information, and

- (c) is accompanied by such documents, whether by way of evidence or otherwise,

as the Commissioners may by regulations prescribe.

(3) In this section—

- (a) references to a dwelling include references to a garage constructed at the same time as the dwelling and intended to be occupied together with it ; and
- (b) references to the construction of a dwelling do not include references to the conversion, reconstruction, alteration or enlargement of any existing building or buildings.

Refund of
tax in cases
of bad debts.

22.—(1) Where—

- (a) a person has supplied goods or services for a consideration in money and has accounted for and paid tax on that supply ; and
- (b) the person liable to pay any outstanding amount of the consideration has become insolvent,

then, subject to subsection (2) and to regulations under subsection (3) below, the first-mentioned person shall be entitled, on making a claim to the Commissioners, to a refund of the amount of tax chargeable by reference to the outstanding amount.

(2) A person shall not be entitled to a refund under this section unless—

- (a) he has proved in the insolvency and the amount for which he has proved is the outstanding amount of the consideration less the amount of his claim ;
- (b) the value of the supply does not exceed its open market value ; and
- (c) in the case of a supply of goods, the property in the goods has passed to the person to whom they were supplied.

(3) Regulations under this section may—

- (a) require a claim to be made at such time and in such form and manner as may be specified by or under the regulations ;
- (b) require a claim to be evidenced and quantified by reference to such records and other documents preserved for such period, not exceeding three years from the making of the claim, as may be so specified ;
- (c) make provision for determining what amount (if any) is the outstanding amount of the consideration in particular cases such as those involving part payment or mutual debts ;

(d) require the repayment of a refund under this section where any requirement of the regulations is not complied with or where the claimant subsequently proves for an amount which, taken with the amount for which he has previously proved, exceeds the amount mentioned in subsection (2)(a) above ; and

(e) make different provision for different circumstances.

(4) For the purposes of this section—

(a) an individual becomes insolvent if—

(i) in England, Wales, Northern Ireland or the Isle of Man, he is adjudged bankrupt or the court makes an order for the administration in bankruptcy of his estate ; or

(ii) in Scotland, an award of sequestration of his estates is made or he signs a trust deed for behoof of his creditors or a judicial factor is appointed under section 163 of the Bankruptcy (Scotland) Act 1913 c. 20. 1913 to divide his insolvent estate among his creditors ; and

(b) a company becomes insolvent if, in the United Kingdom or the Isle of Man, it is the subject of a creditors' voluntary winding up or the court makes an order for its winding up and the circumstances are such that it is unable to pay its debts ;

and as respects insolvencies in Scotland this section shall have effect as if for references to proving in the insolvency there were substituted references to taking such steps as may be specified by regulations made under this section.

Repayment

23.—(1) The Commissioners may, by means of a scheme embodied in regulations, provide for the repayment, to persons to whom this section applies, of tax on supplies to them in the United Kingdom which would be input tax of theirs if they were taxable persons in the United Kingdom. Repayment of tax to those in business overseas.

(2) This section—

(a) applies to persons carrying on business in a member State other than the United Kingdom, and

(b) shall apply also to persons carrying on business in other countries, if, pursuant to any Community Directive, rules are adopted by the Council of the Communities about refunds of tax to persons established elsewhere than in the member States,

but does not apply to persons carrying on business in the United Kingdom.

(3) Repayment shall be made in such cases only, and subject to such conditions, as the scheme may prescribe (being conditions specified in the regulations or imposed by the Commissioners either generally or in particular cases); and the scheme may provide—

- (a) for claims and repayments to be made only through agents in the United Kingdom;
- (b) either generally or for specified purposes—
 - (i) for the agents to be treated under this Act as if they were taxable persons; and
 - (ii) for treating claims as if they were returns under this Act and repayments as if they were repayments of input tax; and
- (c) for generally regulating the methods by which the amount of any repayment is to be determined and the repayment is to be made.

Further provisions as to importation of goods

Application
of customs
enactments.

24.—(1) Subject to the provisions of this section, the Customs and Excise Acts 1979 and, except where the contrary intention appears, any other enactments (including provisions of regulations or other instruments having statutory effect) relating generally to customs or excise duties on imported goods, whenever passed or made, shall have effect, with such exceptions and adaptations as may be prescribed, as if all goods imported into the United Kingdom were liable to duties (whether of customs or excise) and as if those duties included value added tax chargeable on the importation of goods.

1979 c. 2.

(2) Section 125(3) of the Customs and Excise Management Act 1979 shall have effect in its application by virtue of subsection (1) above as if the reference to subsections (1) and (2) of that section included a reference to section 11 above.

(3) The following enactments shall be excepted from those which are to have effect as mentioned in subsection (1) above, that is to say—

- (a) sections 43(5), 125(1) and (2), 126 and 127(1)(b) of the Customs and Excise Management Act 1979;
- 1979 c. 3. (b) the provisions of the Customs and Excise Duties (General Reliefs) Act 1979 other than sections 7, 8 and 9(b);
- 1979 c. 6. (c) section 6(4) of the Matches and Mechanical Lighters Duties Act 1979; and
- 1979 c. 58. (d) sections 8 and 9 of the Isle of Man Act 1979.

(4) Regulations under section 16 of the Post Office Act 1953 1953 c. 36. (which provides for the application of customs enactments to postal packets) may make special provision in relation to value added tax.

25. The Commissioners may by regulations make provision for enabling goods imported by a taxable person in the course or furtherance of any business carried on by him to be delivered or removed, subject to such conditions or restrictions as the Commissioners may impose for the protection of the revenue, without payment of the tax chargeable on the importation, and for that tax to be accounted for together with the tax chargeable on the supply of goods or services by him. Importation of goods by taxable persons.

26.—(1) Where goods are imported by a taxable person and— Goods imported for private purposes.
 (a) at the time of importation they belong wholly or partly to another person ; and

(b) the purposes for which they are to be used include private purposes either of himself or of the other,
 tax paid or payable by the taxable person on the importation of the goods shall not be regarded as input tax to be deducted or credited under section 14 above ; but he may make a separate claim to the Commissioners for it to be repaid.

(2) The Commissioners shall allow the claim if they are satisfied that to disallow it would result, in effect, in a double charge to tax ; and where they allow it they shall do so only to the extent necessary to avoid the double charge.

(3) In considering a claim under this section, the Commissioners shall have regard to the circumstances of the importation and, so far as appearing to them to be relevant, things done with, or occurring in relation to, the goods at any subsequent time.

(4) Any amount allowed by the Commissioners on the claim shall be paid by them to the taxable person.

(5) The reference above to a person's private purposes is to purposes which are not those of any business carried on by him.

Special cases

27.—(1) This Act shall apply in relation to taxable supplies by the Crown as it applies in relation to taxable supplies by taxable persons. Application to Crown.

(2) Where the supply by a Government department of any goods or services does not amount to the carrying on of a business but it appears to the Treasury that similar goods or services are or might be supplied by taxable persons in the course or furtherance of any business, then, if and to the extent that the Treasury so direct, the supply of those goods or services by that department shall be treated for the purposes of this Act as a supply in the course or furtherance of any business carried on by it.

(3) For the purposes of this section goods or services obtained by one Government department from another Government department shall be treated, if and to the extent that the Treasury so direct, as supplied by that other department and similarly as regards goods or services obtained by or from the Crown Estate Commissioners.

(4) In this section "Government department" includes a Northern Ireland department, any body of persons exercising functions on behalf of a Minister of the Crown, and any part of a Government department (as defined in the foregoing) designated for the purposes of this subsection by a direction of the Treasury.

Local
authorities.

28.—(1) A local authority which makes taxable supplies is liable to be registered under this Act, whatever the value of the supplies; and accordingly Schedule 1 to this Act shall apply, in a case where the value of the taxable supplies made by a local authority in any period of one year does not exceed the sum for the time being specified in paragraph 1(a)(ii) of that Schedule, as if that value exceeded that sum.

(2) In this section "local authority" has the same meaning as in section 20 above.

Groups of
companies.

29.—(1) Where, under the following provisions of this section, any bodies corporate are treated as members of a group any business carried on by a member of the group shall be treated as carried on by the representative member, and—

- (a) any supply of goods or services by a member of the group to another member of the group shall be disregarded; and
- (b) any other supply of goods or services by or to a member of the group shall be treated as a supply by or to the representative member; and

- (c) any tax paid or payable by a member of the group on the importation of any goods shall be treated as paid or payable by the representative member and the goods shall be treated for the purposes of section 25 above and paragraph 4(6) of Schedule 7 to this Act as imported by the representative member ;

and all members of the group shall be liable jointly and severally for any tax due from the representative member.

(2) An order under section 3(5) or (6) above may make provision for securing that any goods or services which, if all the members of the group were one person, would fall to be treated under that section as supplied to and by that person, are treated as supplied to and by the representative member.

(3) Two or more bodies corporate resident in the United Kingdom are eligible to be treated as members of a group if—

- (a) one of them controls each of the others ; or
- (b) one person (whether a body corporate or an individual) controls all of them ; or
- (c) two or more individuals carrying on a business in partnership control all of them.

(4) Where an application to that effect is made to the Commissioners with respect to two or more bodies corporate eligible to be treated as members of a group, then, from the beginning of a prescribed accounting period they shall be so treated, and one of them shall be the representative member, unless the Commissioners refuse the application ; but they shall not refuse it unless it appears to them necessary to do so for the protection of the revenue.

(5) Where any bodies corporate are treated as members of a group and an application to that effect is made to the Commissioners, then, from the beginning of a prescribed accounting period—

- (a) a further body eligible to be so treated shall be included among the bodies so treated ; or
- (b) a body corporate shall be excluded from the bodies so treated ; or
- (c) another member of the group shall be substituted as the representative member ; or
- (d) the bodies corporate shall no longer be treated as members of a group,

unless the application is to the effect mentioned in paragraph (a) or paragraph (c) above and the Commissioners refuse the application; but they shall not refuse it unless it appears to them necessary to do so for the protection of the revenue.

(6) Where a body corporate is treated as a member of a group as being controlled by any person and it appears to the Commissioners that it has ceased to be so controlled, they shall, by notice given to that person, terminate that treatment from such date as may be specified in the notice.

(7) An application under this section with respect to any bodies corporate must be made by one of those bodies or by the person controlling them and must be made not less than 90 days before the date from which it is to take effect, or at such later time as the Commissioners may allow.

1948 c. 38.

(8) For the purposes of this section a body corporate shall be taken to control another body corporate if it is empowered by statute to control that body's activities or if it is that body's holding company within the meaning of the Companies Act 1948; and an individual or individuals shall be taken to control a body corporate if he or they, were he or they a company, would be that body's holding company within the meaning of that Act.

Partnerships.

30.—(1) The registration under this Act of persons carrying on a business in partnership may be in the name of the firm; and no account shall be taken, in determining for any purpose of this Act whether goods or services are supplied to or by such persons, of any change in the partnership.

1890 c. 39.

(2) Without prejudice to section 36 of the Partnership Act 1890 (rights of persons dealing with firm against apparent members of firm), until the date on which a change in the partnership is notified to the Commissioners a person who has ceased to be a member of a partnership shall be regarded as continuing to be a partner for the purposes of this Act and, in particular, for the purpose of any liability for tax on the supply of goods or services by the partnership.

(3) Where a person ceases to be a member of a partnership during a prescribed accounting period (or is treated as so doing by virtue of subsection (2) above) any notice, whether of assessment or otherwise, which is served on the partnership and relates

to, or to any matter arising in, that period or any earlier period during the whole or part of which he was a member of the partnership shall be treated as served also on him.

(4) Without prejudice to section 16 of the Partnership Act 1890 (notice to acting partner to be notice to the firm) any notice, whether of assessment or otherwise, which is addressed to a partnership by the name in which it is registered by virtue of subsection (1) above and is served in accordance with this Act shall be treated for the purposes of this Act as served on the partnership and, accordingly, where subsection (3) above applies, as served also on the former partner. 1890 c. 39.

(5) Subsections (1) and (3) above shall not affect the extent to which, under section 9 of the Partnership Act 1980, a partner is liable for tax owed by the firm; but where a person is a partner in a firm during part only of a prescribed accounting period his liability for tax on the supply by the firm of goods or services during that accounting period shall be such proportion of the firm's liability as may be just.

31.—(1) The registration under this Act of a body corporate carrying on a business in several divisions may, if the body corporate so requests and the Commissioners see fit, be in the names of those divisions. Business carried on in divisions or by unincorporated bodies, personal representatives, etc.

(2) The Commissioners may by regulations make provision for determining by what persons anything required by or under this Act to be done by a person carrying on a business is to be done where a business is carried on in partnership or by a club, association or organisation the affairs of which are managed by its members or a committee or committees of its members.

(3) The registration under this Act of any such club, association or organisation may be in the name of the club, association or organisation; and in determining whether goods or services are supplied to or by such a club, association or organisation, no account shall be taken of any change in its members.

(4) The Commissioners may by regulations make provision for persons who carry on a business of a taxable person who has died or become bankrupt or incapacitated to be treated for a limited time as taxable persons, and for securing continuity in the application of this Act in cases where persons are so treated.

32.—(1) Where a person who is accountable for any tax, or on whom any duties are imposed by or under this Act, is not resident in the United Kingdom, the Commissioners may by notice in writing served on any agent, manager or factor who Agents, etc.

is resident in the United Kingdom and has acted on behalf of that person in matters by reference to which that person is accountable or the duties are imposed, direct that he shall be substituted for that person as the person accountable for the tax or that he shall be under an obligation to discharge those duties or any of them.

(2) For the purposes of this Act goods imported by a taxable person and supplied by him as agent for a person who is not a taxable person may be treated as imported and supplied by the taxable person as principal.

(3) For the purposes of subsection (2) above a person who is not resident in the United Kingdom and whose place or principal place of business is outside the United Kingdom may be treated as not being a taxable person if as a result he will not be required to be registered under this Act.

(4) Where goods or services are supplied through an agent who acts in his own name the Commissioners may, if they think fit, treat the supply both as a supply to the agent and as a supply by the agent.

Transfers of going concerns. 33.—(1) Where a business carried on by a taxable person is transferred to another person as a going concern, then—

(a) for the purpose of determining whether the transferee is liable to be registered under this Act he shall be treated as having carried on the business before as well as after the transfer and supplies by the transferor shall be treated accordingly; and

(b) any records relating to the business which, under paragraph 7 of Schedule 7 to this Act, are required to be preserved for any period after the transfer shall be preserved by the transferee instead of by the transferor, unless the Commissioners, at the request of the transferor, otherwise direct.

(2) Without prejudice to subsection (1) above, the Commissioners may by regulations make provision for securing continuity in the application of this Act in cases where a business carried on by a taxable person is transferred to another person as a going concern and the transferee is registered under this Act in substitution for the transferor.

(3) Regulations under subsection (2) above may, in particular, provide—

(a) for liabilities and duties under this Act of the transferor to become, to such extent as may be provided by the regulations, liabilities and duties of the transferee; and

- (b) for any right of either of them to repayment or credit in respect of tax to be satisfied by making a repayment or allowing a credit to the other ;

but no such provision as is mentioned in paragraph (a) or (b) of this subsection shall have effect in relation to any transferor and transferee unless an application in that behalf has been made by them under the regulations.

34.—(1) The Treasury may by order make provision for modifying the provisions of this Act in their application to dealings on terminal markets and such persons ordinarily engaged in such dealings as may be specified in the order, subject to such conditions as may be so specified. Terminal markets.

(2) Without prejudice to the generality of subsection (1) above, an order under this section may include provision—

- (a) for zero-rating the supply of any goods or services or for treating the supply of any goods or services as exempt ;
- (b) for the registration under this Act of any body of persons representing persons ordinarily engaged in dealing on a terminal market and for disregarding such dealings by persons so represented in determining liability to be registered under this Act, and for disregarding such dealings between persons so represented for all the purposes of this Act ;
- (c) for refunding, to such persons as may be specified by or under the order, input tax attributable to such dealings on a terminal market as may be so specified,

and may contain such incidental and supplementary provisions as appear to the Treasury to be necessary or expedient.

(3) An order under this section may make different provision with respect to different terminal markets and with respect to different commodities.

35.—(1) Where imported goods subject to a duty of customs or excise or a duty of customs and a duty of excise are supplied while warehoused, the supply shall be disregarded for the purposes of this Act if the goods are supplied before payment of the duty to which they are subject or, where they are subject to a duty of customs and a duty of excise, of the duty of excise. Supplies of dutiable goods in warehouse.

(2) Where goods produced or manufactured in the United Kingdom subject to a duty of excise or such goods mixed with imported goods subject to a duty (whether of customs or excise) are supplied while warehoused and before payment of the duty, then—

- (a) if there is more than one such supply, any but the last such supply shall be disregarded for the purposes of this Act ; and
- (b) the supply or, if more than one, the last such supply shall be treated for the purposes of this Act as taking place when the duty is paid and the value of the supply shall be treated as including the duty ; and
- (c) the tax on the supply shall be payable, together with the duty, by the person by whom the duty is paid, except as otherwise provided by regulations under this section,

except that, if the goods are permitted to be removed from warehouse without payment of the duty, the supply (or last supply) shall be treated as taking place when the goods are so removed, the value of the supply shall not be treated as including the duty and the tax on the supply shall be payable by the person by whom the goods are removed.

(3) The Commissioners may by regulations make provision for enabling goods which are supplied as mentioned in subsection (2) above, and are so supplied to a taxable person for the purpose of a business carried on by him, to be removed from warehouse without payment of the tax on the supply and for that tax to be accounted for together with the tax chargeable on the supply of goods or services by him.

1972 c. 68. (4) Subsection (1) above applies in relation to any amount payable under section 6(5) of the European Communities Act 1972 as it applies in relation to a duty of customs.

1979 c. 8. (5) For the purposes of subsection (2)(b) above the amount of any duty shall be taken to be the amount with any addition or deduction falling to be made under section 1 of the Excise Duties (Surcharges or Rebates) Act 1979 (surcharges and rebates in respect of excise duties).

Capital goods.

36.—(1) The Treasury may by order make provision for the giving of relief, in such cases, to such extent and subject to such exceptions as may be specified in the order, from tax paid on the supply or importation for the purpose of a business carried on by any person of machinery or plant or any specified description of machinery or plant in cases where that tax or part of that tax cannot be credited under section 14 above and such other conditions are satisfied as may be specified in the order.

(2) Without prejudice to the generality of subsection (1) above, an order under this section may provide for relief to be given by deduction or refunding of tax and for aggregating or excluding the aggregation of value where goods of the same description are supplied or imported together.

(3) An order under this section may substitute a period exceeding three years but not exceeding six years as the period for which records relating to goods in respect of which relief is given under the order may be required to be preserved under paragraph 7(2) of Schedule 7 to this Act.

37. The Commissioners may by regulations make provision for modifying section 10 above and paragraph 6 of Schedule 4 to this Act in their application to the supply of goods under trading stamp schemes within the meaning of the Trading Stamps Act 1964 or the Trading Stamps Act (Northern Ireland) 1965. Trading stamp schemes. 1964 c. 71. 1965 c. 6 (N.I.).

General

38. Schedule 7 to this Act shall have effect with respect to the administration, collection and enforcement of the tax. Administration, collection and enforcement.

39.—(1) If any person is knowingly concerned in, or in the taking of steps with a view to, the fraudulent evasion of tax by him or any other person, he shall be liable— Offences and penalties.

- (a) on summary conviction, to a penalty of the statutory maximum or of three times the amount of the tax, whichever is the greater, or to imprisonment for a term not exceeding 6 months or to both ; or
- (b) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding 2 years or to both.

(2) If any person—

- (a) with intent to deceive produces, furnishes or sends for the purposes of this Act or otherwise makes use for those purposes of any document which is false in a material particular ; or
- (b) in furnishing any information for the purposes of this Act makes any statement which he knows to be false in a material particular or recklessly makes a statement which is false in a material particular,

he shall be liable—

- (i) on summary conviction, to a penalty of the statutory maximum or to imprisonment for a term not exceeding 6 months or to both ; or
- (ii) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding 2 years or to both.

(3) Where a person's conduct during any specified period must have involved the commission by him of one or more

offences under the preceding provisions of this section, then, whether or not the particulars of that offence or those offences are known, he shall, by virtue of this subsection, be guilty of an offence and liable—

- (a) on summary conviction, to a penalty of the statutory maximum or, if greater, three times the amount of any tax that was or was intended to be evaded by his conduct, or to imprisonment for a term not exceeding 6 months or to both; or
- (b) on conviction on indictment, to a penalty of any amount or to imprisonment for a term not exceeding 2 years or to both.

(4) If any person acquires possession of or deals with any goods, or accepts the supply of any services, having reason to believe that tax on the supply of the goods or services or on the importation of the goods has been or will be evaded, he shall be liable on summary conviction to a penalty of level 5 on the standard scale or three times the amount of the tax, whichever is the greater.

(5) If any person—

- (a) fails to comply with the requirements of Schedule 1 to this Act; or
- (b) supplies goods or services in contravention of paragraph 5(2) of Schedule 7 to this Act,

he shall be liable on summary conviction to a penalty of level 5 on the standard scale or, if greater, three times the amount of the tax evaded by the failure or contravention.

(6) If a person other than—

- (a) a person registered under this Act; or
- (b) a body corporate treated for the purposes of section 29 above as a member of a group; or
- (c) a person treated as a taxable person under regulations made under section 31(4) above; or
- (d) a person authorised to do so under regulations made under paragraph 2(6) of Schedule 7 to this Act; or
- (e) a person acting on behalf of the Crown,

issues an invoice showing an amount as being tax or as being attributable to tax, he shall be liable on summary conviction to a penalty of level 5 on the standard scale or three times the amount so shown, whichever is the greater.

(7) If any person fails to comply with any requirement imposed under paragraph 7 or 8 of Schedule 7 to this Act or any regulations or rules made under this Act, he shall be liable on summary conviction to a penalty of level 3 on the standard scale, together with a penalty of £10 for each day on which the failure continues.

(8) Where the failure referred to in subsection (7) above consists—

- (a) in not paying the tax due in respect of any period within the time required by regulations under section 14(1) above ; or
- (b) in not furnishing a return in respect of any period within the time required by regulations under paragraph 2(1) of Schedule 7 to this Act,

that subsection shall have effect as if for the reference to £10 there were substituted (if it is greater) an amount equal to $\frac{1}{2}$ per cent. of the tax due in respect of that period, for each day on which the failure continues ; and for that purpose the tax due shall, if the person concerned has furnished a return, be taken to be the tax shown in the return as that for which he is accountable for that period and, in any other case, be taken to be such tax as has been assessed and notified to him under paragraph 4(1) of Schedule 7 to this Act.

(9) Sections 145 to 155 of the Customs and Excise Management Act 1979 (proceedings for offences, mitigation of penalties and certain other matters) shall apply in relation to offences under this Act (which include any act or omission in respect of which a penalty is imposed) and penalties imposed under this Act as they apply in relation to offences and penalties under the customs and excise Acts as defined in that Act ; and accordingly in section 154(2) as it applies by virtue of this subsection the reference to duty shall be construed as a reference to the tax. 1979 c. 2.

40.—(1) An appeal shall lie to a value added tax tribunal Appeals. constituted in accordance with Schedule 8 to this Act against the decision of the Commissioners with respect to any of the following matters—

- (a) the registration or cancellation of registration of any person under this Act ;
- (b) the tax chargeable on the supply of any goods or services or, subject to subsection (5) below, on the importation of any goods ;
- (c) the amount of any input tax which may be credited to a person ;
- (d) the proportion of any supplies that is to be taken as consisting of taxable supplies ;
- (e) the amount of any refunds under section 21 above ;
- (f) a claim for a refund under section 22 above ;
- (g) a claim by a taxable person under section 26 above ;
- (h) any refusal of an application under section 29 above ;
- (i) any refusal to act or to continue to act on a request under paragraph 11(1)(b) of Schedule 1 to this Act ;

- (j) any direction under paragraph 1, 2 or 3 of Schedule 4 to this Act ;
- (k) any refusal to permit the value of supplies to be determined by a method described in a notice published under paragraph 2(3) of Schedule 7 to this Act ;
- (l) any requirements imposed by the Commissioners in a particular case under paragraph 3(2)(b) of Schedule 7 to this Act ;
- (m) an assessment—
 - (i) under sub-paragraph (1) or (2) of paragraph 4 of Schedule 7 to this Act in respect of a period for which the appellant has made a return under this Act ; or
 - (ii) under sub-paragraph (6) of that paragraph, or the amount of such an assessment ;
- (n) the requirement of any security under paragraph 5(2) of Schedule 7 to this Act.

(2) An appeal under this section shall not be entertained unless the appellant has made all the returns which he was required to make under paragraph 2(1) of Schedule 7 to this Act and has paid the amounts shown in those returns as payable by him.

(3) Where the appeal is against a decision with respect to any of the matters mentioned in paragraph (b) or (m) of subsection (1) above it shall not be entertained unless—

- (a) the amount which the Commissioners have determined to be payable as tax has been paid or deposited with them ; or
- (b) on being satisfied that the appellant would otherwise suffer hardship the Commissioners agree or the value added tax tribunal decides that it should be entertained notwithstanding that that amount has not been so paid or deposited.

(4) Where on an appeal under this section it is found—

- (a) that the whole or part of any amount paid or deposited in pursuance of subsection (3) above is not due ; or
- (b) that the whole or part of any amount due to the appellant under section 14(5) above has not been paid,

so much of that amount as is found not to be due or not to have been paid shall be repaid (or, as the case may be, paid) with interest at such rate as the value added tax tribunal may determine ; and where the appeal has been entertained notwithstanding that an amount determined by the Commissioners to be payable as tax has not been paid or deposited and it is

found on the appeal that that amount is due the tribunal may, if it thinks fit, direct that that amount shall be paid with interest at such rate as may be specified in the direction.

(5) No appeal shall lie under this section with respect to any matter that has been or could have been referred to arbitration under section 127 of the Customs and Excise Management Act 1979 c. 2. 1979 as applied by section 24 above.

(6) Where an appeal under this section is against a decision of the Commissioners which depended upon a prior decision taken by them in relation to the appellant, the fact that the prior decision is not within subsection (1) above shall not prevent the tribunal from allowing the appeal on the ground that it would have allowed an appeal against the prior decision.

41.—(1) This section applies where there is a change in the rate of tax in force under section 9 above or in the descriptions of exempt or zero-rated supplies. Supplies spanning change of rate, etc.

(2) Where—

(a) a supply affected by the change would, apart from section 5(1), (2), (3) or (5) above, be treated under section 4(2) or (3) above as made wholly or partly at a time when it would not have been affected by the change; or

(b) a supply not so affected would apart from section 5(1), (2), (3) or (5) above be treated under section 4(2) or (3) above as made wholly or partly at a time when it would have been so affected,

the rate at which tax is chargeable on the supply, or any question whether it is zero-rated or exempt, shall if the person making it so elects be determined without regard to section 5(1), (2), (3) or (5) above.

(3) Any power to make regulations under this Act with respect to the time when a supply is to be treated as taking place shall include power to provide for this section to apply as if the references in subsection (2) above to section 5(1), (2), (3) and (5) included references to specified provisions of the regulations.

(4) Regulations under paragraph 2 of Schedule 7 to this Act may make provision for the replacement or correction of any tax invoice which—

(a) relates to a supply in respect of which an election is made under this section, but

(b) was issued before the election was made.

(5) No election may be made under this section in respect of a supply to which section 5(4) above or paragraph 6 of Schedule 2 to this Act applies.

Adjustment
of contracts
on changes
in tax.

42.—(1) Where, after the making of a contract for the supply of goods or services and before the goods or services are supplied, there is a change in the tax charged on the supply, then, unless the contract otherwise provided, there shall be added to or deducted from the consideration for the supply an amount equal to the change.

(2) References in this section to a change in the tax charged on a supply include references to a change to or from no tax being charged on the supply.

Failure of
resolution
under
Provisional
Collection of
Taxes Act
1968.
1968 c. 2.

43.—(1) Where—

(a) by virtue of a resolution having effect under the Provisional Collection of Taxes Act 1968 value added tax has been paid at a rate specified in the resolution on the supply of any goods or services by reference to a value determined under section 10(2) above, and

(b) by virtue of section 1(6) or (7) or 5(3) of the said Act of 1968 any of that tax is repayable in consequence of the restoration in relation to that supply of a lower rate, the amount repayable shall be the difference between the tax paid by reference to that value at the rate specified in the resolution and the tax that would have been payable by reference to that value at the lower rate.

(2) Where—

(a) by virtue of such a resolution value added tax is chargeable at a rate specified in the resolution on the supply of any goods or services by reference to a value determined under the said section 10(2), but.

(b) before the tax is paid it ceases to be chargeable at that rate in consequence of the restoration in relation to that supply of a lower rate, the tax chargeable at the lower rate shall be charged by reference to the same value as that by reference to which tax would have been chargeable at the rate specified in the resolution.

(3) The tax that may be credited as input tax under section 14 above or refunded under section 20 or 21 above does not include tax that has been repaid by virtue of any of the provisions mentioned in subsection (1)(b) above or that would be repayable by virtue of any of those provisions if it had been paid.

Disclosure of
information
for statistical
purposes.

44.—(1) For the purpose of the compilation or maintenance by the Business Statistics Office of the Departments of Trade and Industry of a central register of businesses, or for the purpose of any statistical survey conducted or to be conducted by that Office, the Commissioners or an authorised officer of the Com-

missioners may disclose to an authorised officer of that Office particulars of the following descriptions obtained or recorded by them in pursuance of this Act—

- (a) numbers allocated by the Commissioners on the registration of persons under this Act and reference numbers for members of a group ;
- (b) names, trading styles and addresses of persons so registered or of members of groups and status and trade classifications of businesses ; and
- (c) actual or estimated value of supplies.

(2) Subject to subsection (3) below, no information obtained by virtue of this section by an officer of the Business Statistics Office may be disclosed except to an officer of a Government department (including a Northern Ireland department) for the purpose for which the information was obtained, or for a like purpose.

(3) Subsection (2) above does not prevent the disclosure—

- (a) of any information in the form of a summary so framed as not to enable particulars to be identified as particulars relating to a particular person or to the business carried on by a particular person ; or
- (b) with the consent of any person, of any information enabling particulars to be identified as particulars relating only to him or to a business carried on by him.

(4) If any person who has obtained any information by virtue of this section discloses it in contravention of this section he shall be liable—

- (a) on summary conviction to a fine not exceeding the statutory maximum ; and
- (b) on conviction on indictment to imprisonment for a term not exceeding 2 years or to a fine of any amount or to both.

(5) In this section references to the Business Statistics Office of the Departments of Trade and Industry include references to any Northern Ireland department carrying out similar functions.

Supplemental

45.—(1) Any order made by the Treasury under this Act and any regulations or rules under this Act shall be made by statutory instrument. Orders, rules
and
regulations.

(2) Subject to subsection (3) below, any statutory instrument made under this Act shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

(3) An order to which this subsection applies shall be laid before the Commons House of Parliament; and unless it is approved by that House before the expiration of a period of twenty-eight days beginning with the date on which it was made, it shall cease to have effect on the expiration of that period, but without prejudice to anything previously done thereunder or to the making of a new order.

In reckoning any such period no account shall be taken of any time during which Parliament is dissolved or prorogued or during which the Commons House of Parliament is adjourned for more than four days.

(4) Subsection (3) above applies to—

- (a) an order under section 3(4) above;
- (b) an order as a result of which goods of any description become goods to which section 12(3) above applies;
- (c) an order under this Act making provision—
 - (i) for increasing the rate of tax in force at the time of the making of the order;
 - (ii) for excluding any tax from credit under section 14 above;
 - (iii) for varying Schedule 5 or Schedule 6 to this Act so as to abolish the zero-rating of a supply or to abolish the exemption of a supply without zero-rating it.

Service of notices.

46. Any notice, notification, requirement or demand to be served on, given to or made of any person for the purposes of this Act may be served, given or made by sending it by post in a letter addressed to that person at his last or usual residence or place of business.

Meaning of "business", etc.

47.—(1) In this Act "business" includes any trade, profession or vocation.

(2) Without prejudice to the generality of anything else in this Act, the following are deemed to be the carrying on of a business—

- (a) the provision by a club, association or organisation (for a subscription or other consideration) of the facilities or advantages available to its members; and
- (b) the admission, for a consideration, of persons to any premises.

(3) Where a body has objects which are in the public domain and are of a political, religious, philanthropic, philosophical or patriotic nature, it is not to be treated as carrying on a business only because its members subscribe to it, if a subscription obtains

no facility or advantage for the subscriber other than the right to participate in its management or receive reports on its activities.

(4) Where a person, in the course or furtherance of a trade, profession or vocation, accepts any office, services supplied by him as the holder of that office are treated as supplied in the course or furtherance of the trade, profession or vocation.

(5) Anything done in connection with the termination or intended termination of a business is treated as being done in the course or furtherance of that business.

(6) The disposition of a business as a going concern, or of its assets or liabilities (whether or not in connection with its re-organisation or winding up), is a supply made in the course or furtherance of the business.

48.—(1) In this Act—

Interpretation.

“assignment”, in relation to Scotland, means assignation;

“authorised person” means any person acting under the authority of the Commissioners;

“the Commissioners” means the Commissioners of Customs and Excise;

“invoice” includes any document similar to an invoice;

“input tax” has the meaning assigned to it by section 14 above;

“major interest”, in relation to land, means the fee simple or a tenancy for a term certain exceeding 21 years, and in relation to Scotland means—

(a) the estate or interest of the proprietor of the dominium utile, or

(b) in the case of land not held on feudal tenure, the estate or interest of the owner, or the lessee's interest under a lease for a period exceeding 21 years;

“money” includes currencies other than sterling;

“prescribed” means prescribed by regulations;

“prescribed accounting period” has the meaning assigned to it by section 14(1) above;

“quarter” means a period of three months ending at the end of March, June, September or December;

“regulations” means regulations made by the Commissioners under this Act;

“ship” includes hovercraft;

“tax” means value added tax;

“taxable person” has the meaning assigned to it by section 2(2) above;

“taxable supply” has the meaning assigned to it by section 2(2) above.

1982 c. 48. (2) In this Act “statutory maximum” has the meaning assigned to it by section 74 of the Criminal Justice Act 1982 and for the purposes of this Act—

1980 c. 43. (a) section 32 of the Magistrates’ Courts Act 1980 ; and
 (b) an order under section 143 of the said Act of 1980 which alters the sum specified in the definition of “the prescribed sum” in subsection (9) of the said section 32, shall extend to Northern Ireland and subsection (1) of the said section 74 shall have effect as if after the words “England and Wales” there were inserted the words “or Northern Ireland”.

(3) In this Act “the standard scale” has the meaning assigned to it by section 75 of the Criminal Justice Act 1982 and for the purposes of this Act—

(a) section 37 of that Act ; and
 (b) an order under section 143 of the Magistrates’ Courts Act 1980 which alters the sums specified in subsection (2) of the said section 37, shall extend to Northern Ireland and the said section 75 shall have effect as if after the words “England and Wales” there were inserted the words “or Northern Ireland”.

(4) Subject to paragraph 3(2) of Schedule 7 to this Act, in any provision contained in or having effect under this Act “document”, “copy” and “computer” shall have the same meanings—

1968 c. 64. (a) in relation to England and Wales, as by virtue of section 10 of the Civil Evidence Act 1968 they have in Part I of that Act ;

1968 c. 70. (b) in relation to Scotland, as by virtue of section 17 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1968 they have in Part III of that Act ; and

1971 c. 36 (N.I.). (c) in relation to Northern Ireland, as by virtue of section 6 of the Civil Evidence Act (Northern Ireland) 1971 they have in Part I of that Act.

(5) The question whether, in relation to any supply of services, the supplier or the recipient of the supply belongs in one country or another shall be determined in accordance with section 8 above.

(6) Schedules 5 and 6 to this Act shall be interpreted in accordance with the notes contained in those Schedules ; and accordingly the powers conferred by this Act to vary those Schedules include a power to add to, delete or vary those notes.

(7) The descriptions of Groups in those Schedules are for ease of reference only and shall not affect the interpretation of the descriptions of items in those Groups.

(8) References in this Act to the United Kingdom include the territorial sea of the United Kingdom.

49. The Commissioners shall refund to the Government of Northern Ireland the amount of the tax charged on the supply of goods or services to, or on the importation of goods by, that Government, after deducting therefrom so much of that amount as may be agreed between them and the Department of Finance and Personnel for Northern Ireland as attributable to supplies and importations for the purpose of a business carried on by the Government of Northern Ireland. Refund of tax to Government of Northern Ireland.

50.—(1) Schedule 9 (consequential amendments) and Schedule 10 (savings and transitional provisions) to this Act shall have effect but without prejudice to the operation of sections 15 to 17 of the Interpretation Act 1978 (which relate to the effect of repeals). Consequential, transitional and saving provisions and repeals. 1978 c. 30.

(2) The enactments specified in Schedule 11 to this Act are hereby repealed to the extent mentioned in the third column of that Schedule.

51.—(1) This Act may be cited as the Value Added Tax Act 1983. Short title, commencement and extent.

(2) This Act shall come into force at the expiry of the period of three months beginning with the day on which it is passed.

(3) This Act shall extend to Northern Ireland.

(4) Paragraph 3 of Schedule 9 and paragraph 18 of Schedule 10 to this Act shall extend to the Isle of Man but no other provision of this Act shall extend there.

SCHEDULES

Section 2(5).

SCHEDULE 1

REGISTRATION

Liability to be registered

1. A person who makes taxable supplies but is not registered is liable to be registered—

(a) after the end of any quarter, if the value of his taxable supplies—

(i) in that quarter has exceeded £6,000 ; or

(ii) in the four quarters then ending has exceeded £18,000 ; or

(b) at any time, if there are reasonable grounds for believing that the value of his taxable supplies in the period of one year beginning at that or any later time will exceed £18,000 ;

except that a person is not liable to be registered by virtue of sub-paragraph (a)(i) above after the end of any quarter if the Commissioners are satisfied that the value of his taxable supplies in that quarter and the next three quarters will not exceed £18,000.

2. A registered person who makes taxable supplies shall cease to be liable to be registered—

(a) after the end of any quarter or prescribed accounting period if he has been registered for the whole of the two years then ending and the value of his taxable supplies in each of those years has been £18,000 or less ; and

(b) at any time, if the Commissioners are satisfied that the value of his taxable supplies in the period of one year then beginning will be £17,000 or less ;

except that a person shall not at any time cease to be liable to be registered by virtue of sub-paragraph (a) above if there are reasonable grounds for believing that the value of his taxable supplies in the period of one year then beginning will exceed £18,000.

Notification of liability and registration

3. A person who by virtue of paragraph 1(a) above is liable to be registered after the end of any quarter shall notify the Commissioners of his liability within ten days of the end of that quarter and the Commissioners shall register any such person with effect from the twenty-first day of the next quarter or such earlier date as may be agreed between them and that person.

4. A person who by virtue of paragraph 1(b) above is liable to be registered by reason of the value of his taxable supplies in any period shall notify the Commissioners of that liability not later than the beginning of that period, and the Commissioners shall register any such person with effect from the beginning of that period or such earlier date as may be agreed between them and that person.

5.—(1) Where a person who satisfies the Commissioners that he intends to make taxable supplies from a specified date and will be liable to be registered when he does so requests to be registered the Commissioners may, subject to such conditions as they think fit to impose, register him from such date as may be agreed between them and that person.

SCH. 1

(2) The Commissioners may cancel the registration of a person under this paragraph if he does not begin to make taxable supplies by the date specified in his request or does not become liable to be registered from that date.

6. Paragraphs 3 to 5 above apply to persons who were not liable to be registered on 1st April 1973.

Notification of end of liability and cancellation of registration

7. A registered person who ceases to make taxable supplies shall notify the Commissioners of that fact within ten days of the date on which he does so and the Commissioners shall cancel the registration of any such person.

8. Where by virtue of paragraph 2(a) above, a registered person ceases to be liable to be registered and notifies the Commissioners of that fact, the Commissioners shall cancel his registration with effect from the end of the period of 14 days beginning with the date on which he so notifies them or from such other date as may be agreed between them and that person.

9. Where a registered person requests the Commissioners to cancel his registration by virtue of paragraph 2(b) above and the Commissioners are at any time satisfied as mentioned in that paragraph they shall cancel his registration as from that time.

10. Where a registered person who has at any time ceased to be liable to be registered by virtue of paragraph 2 above has before that time failed or subsequently fails to make any return or account for or pay any tax as required by or under this Act, the Commissioners may, if they think fit, cancel his registration with effect from such date as they may determine.

Discretionary registration or exemption from registration

11.—(1) Notwithstanding the preceding provisions of this Schedule—

- (a) where a person who makes or intends to make taxable supplies satisfies the Commissioners that any such supply is zero-rated or would be zero-rated if he were a taxable person they may, if he so requests and they think fit, exempt him from registration ; and

SCH. 1

- (b) where a person who makes or satisfies the Commissioners that he intends to make taxable supplies is not and will not be liable to be registered the Commissioners may, if he so requests and they think fit, treat him as so liable, subject to such conditions as they think fit to impose,

until it appears to the Commissioners that the request should no longer be acted upon or the request is withdrawn ; but the Commissioners may by notice given in such manner as appears to them appropriate for the information of persons making taxable supplies prevent the withdrawal of such a request made after the publication of the notice for such period after it is made as may be specified in the notice.

(2) A person exempted from registration under sub-paragraph (1)(a) above shall notify the Commissioners without delay of any material change in the nature of the supplies made by him and of any material alteration in any quarter in the proportion of his taxable supplies that are zero-rated.

(3) Where the Commissioners refuse to act or to continue to act on a request made by a person under sub-paragraph (1)(b) above, they shall give him written notice of their decision and of the grounds on which it was made.

12. The Treasury may by order substitute for any of the sums for the time being specified in paragraphs 1 and 2 above such greater sums as they think fit.

Supplementary

13. The provisions of this Act relating to the determination of the value of a supply of goods or services shall apply for the purposes of this Schedule with the modification that no allowance shall be made for tax.

14. Any notification required under this Schedule shall be made in such form and shall contain such particulars as the Commissioners may by regulations prescribe.

15. References in this Schedule to registration are references to registration in a register kept by the Commissioners for the purposes of this Act and references in this Schedule to supplies are references to supplies made in the course or furtherance of a business.

SCHEDULE 2

Section 3.

MATTERS TO BE TREATED AS SUPPLY OF GOODS OR SERVICES

- 1.—(1) Any transfer of the whole property in goods is a supply of goods ; but, subject to sub-paragraph (2) below, the transfer—
 (a) of any undivided share of the property, or

(b) of the possession of goods,
is a supply of services.

(2) If the possession of goods is transferred—

(a) under an agreement for the sale of the goods, or

(b) under agreements which expressly contemplate that the property also will pass at some time in the future (determined by, or ascertainable from, the agreements but in any case not later than when the goods are fully paid for),

it is then in either case a supply of the goods.

2. Where a person produces goods by applying to another person's goods a treatment or process, he shall be treated as supplying those goods.

3. The supply of any form of power, heat, refrigeration or ventilation is a supply of goods.

4. The granting, assignment or surrender of a major interest in land is a supply of goods.

5.—(1) Subject to sub-paragraph (2) below, where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, that is a supply by him of the goods.

(2) Sub-paragraph (1) above does not apply where the transfer or disposal is—

(a) a gift of goods made in the course or furtherance of the business (otherwise than as one forming part of a series or succession of gifts made to the same person from time to time) where the cost to the donor is not more than £10 ;

(b) a gift, to an actual or potential customer of the business, of an industrial sample in a form not ordinarily available for sale to the public.

(3) Where by or under the directions of a person carrying on a business goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, that is a supply of services.

(4) Anything which is a supply of goods or services by virtue of sub-paragraph (1) or (3) above is to be treated as made in the course or furtherance of the business (if it would not otherwise be so treated); and in the case of a business carried on by an individual—

(a) sub-paragraph (1) above applies to any transfer or disposition of goods in favour of himself personally ; and

(b) sub-paragraph (3) above applies to goods used, or made available for use, by himself personally.

SCH. 2

6. Where in the case of a business carried on by a taxable person, goods forming part of the assets of the business are, under any power exercisable by another person, sold by the other in or towards satisfaction of a debt owed by the taxable person, they shall be deemed to be supplied by the taxable person in the course or furtherance of his business.

7.—(1) Where a person ceases to be a taxable person, any goods then forming part of the assets of a business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—

- (a) the business is transferred as a going concern to another taxable person ; or
- (b) the business is carried on by another person who, under regulations made under section 31(4) above, is treated as a taxable person ; or
- (c) the tax on the deemed supply would not be more than £250.

(2) This paragraph does not apply to any goods in the case of which the taxable person can show to the satisfaction of the Commissioners—

- (a) that no credit for input tax in respect of the supply or importation of the goods has been allowed to him ;
- (b) that the goods were not acquired by him as part of the assets of a business which was transferred to him as a going concern by another taxable person ; and
- (c) that he has not obtained relief in respect of the goods under section 4 of the Finance Act 1973.

1973 c. 51.

(3) The Treasury may by order increase or further increase the sum specified in sub-paragraph (1)(c) above.

Section 7.

SCHEDULE 3

SERVICES SUPPLIED WHERE RECEIVED

1. Transfers and assignments of copyright, patents, licences, trademarks and similar rights.

2. Advertising services.

3. Services of consultants, engineers, consultancy bureaux, lawyers, accountants and other similar services ; data processing and provision of information (but excluding from this head any services relating to land).

4. Acceptance of any obligation to refrain from pursuing or exercising, in whole or part, any business activity or any such rights as are referred to in paragraph 1 above.

5. Banking, financial and insurance services (including reinsurance, but not including the provision of safe deposit facilities).

6. The supply of staff.

7. The services rendered by one person to another in procuring for the other any of the services mentioned in paragraphs 1 to 6 above.

SCH. 3

SCHEDULE 4

Sections 10(6)
and 11(4).

VALUATION—SPECIAL CASES

1.—(1) Where—

- (a) the value of a supply made by a taxable person for a consideration in money is (apart from this paragraph) less than its open market value, and
- (b) the person making the supply and the person to whom it is made are connected, and
- (c) the person to whom the supply is made is not entitled under sections 14 and 15 of this Act to credit for all the tax on the supply,

the Commissioners may direct that the value of the supply shall be taken to be its open market value.

(2) A direction under this paragraph shall be given by notice in writing to the person making the supply, but no direction may be given more than three years after the time of the supply.

(3) A direction given to a person under this paragraph in respect of a supply made by him may include a direction that the value of any supply—

- (a) which is made by him after the giving of the notice, or after such later date as may be specified in the notice, and
- (b) as to which the conditions in paragraphs (a) to (c) of subparagraph (1) above are satisfied,

shall be taken to be its open market value.

(4) For the purposes of this paragraph any question whether a person is connected with another shall be determined in accordance with section 533 of the Income and Corporation Taxes Act 1970. 1970 c. 10.

(5) This paragraph does not apply to a supply to which paragraph 10 below applies.

2.—(1) Where—

- (a) goods are imported at a price in money which (together with all such taxes, duties, charges and costs as are specified in subsection (2)(a) and (b) of section 11 of this Act and not included in the price) is less than their value as determined in accordance with subsection (3) of that section, and
- (b) the person importing the goods and the person entitled to the price are connected, and
- (c) the person importing the goods is not entitled under sections 14 and 15 of this Act to credit for all the tax paid or payable by him on the importation,

SCH. 4

the Commissioners may direct that the value of the goods shall be taken to be their value as determined in accordance with the said subsection (3).

(2) A direction under this paragraph shall be given by notice in writing to the person importing the goods, but no direction may be given more than three years after the time of importation.

(3) A direction given to a person under this paragraph in respect of goods imported by him may include a direction that the value of any goods—

(a) which are imported by him after the giving of the notice, or after such later date as may be specified in the notice, and

(b) as to which the conditions in paragraphs (a) to (c) of subparagraph (1) above are satisfied,

shall be taken to be their value as determined in accordance with section 11(3) of this Act.

(4) For the purposes of this paragraph any question whether a person is connected with another shall be determined in accordance with section 533 of the Income and Corporation Taxes Act 1970.

1970 c. 10.

3. Where—

(a) the whole or part of a business carried on by a taxable person consists in supplying to a number of persons goods to be sold, whether by them or others, by retail, and

(b) those persons are not taxable persons,

the Commissioners may by notice in writing to the taxable person direct that the value of any such supply by him after the giving of the notice or after such later date as may be specified in the notice shall be taken to be its open market value on a sale by retail.

4.—(1) Where goods or services are supplied for a consideration in money and on terms allowing a discount for prompt payment, the consideration shall be taken for the purposes of section 10 of this Act as reduced by the discount, whether or not payment is made in accordance with those terms.

(2) This paragraph does not apply where the terms include any provision for payment by instalments.

5.—(1) Where goods are imported at a price in money and on terms allowing a discount for prompt payment, the price shall be taken for the purposes of section 11(2) of this Act as reduced by the discount, whether or not payment is made in accordance with those terms.

(2) This paragraph does not apply where the terms include any provision for payment by instalments.

6. Where a right to receive goods or services for an amount stated on any token, stamp or voucher is granted for a consideration, the consideration shall be disregarded for the purposes of this Act except to the extent (if any) that it exceeds that amount.

7. Where there is a supply of goods by virtue of—

- (a) a Treasury order under section 3(5) of this Act ; or
- (b) paragraph 5(1) of Schedule 2 to this Act (but otherwise than for a consideration) ; or
- (c) paragraph 7 of that Schedule,

the value of the supply shall be taken to be the cost of the goods to the person making the supply except where paragraph 10 below applies.

8. Where there is a supply of services by virtue of—

- (a) a Treasury order under section 3(4) of this Act ; or
- (b) paragraph 5(3) of Schedule 2 to this Act (but otherwise than for a consideration),

the value of the supply shall be taken to be the full cost to the taxable person of providing the services except where paragraph 10 below applies.

9. Where a supply of services consists in the provision of accommodation in a hotel, inn, boarding house or similar establishment for a period exceeding four weeks—

- (a) the value of so much of the supply as is in excess of four weeks shall be taken to be reduced to such part thereof as is attributable to facilities other than the right to occupy the accommodation ; and
- (b) that part shall be taken to be not less than 20 per cent.

10.—(1) This paragraph applies to a supply of goods or services, whether or not for a consideration, which is made by an employer and consists of—

- (a) the provision in the course of catering of food or beverages to his employees, or
- (b) the provision of accommodation for his employees in a hotel, inn, boarding house or similar establishment.

(2) The value of a supply to which this paragraph applies shall be taken to be nil unless the supply is for a consideration consisting wholly or partly of money, and in that case its value shall be determined without regard to any consideration other than money.

11.—(1) Where any sum relevant for determining value is expressed in a currency other than sterling, it is to be converted into sterling in accordance with Community rules applicable to valuation for customs purposes.

(2) In relation to a supply of goods or services, the material time for valuation, by reference to which the appropriate exchange rate is determined under the rules, is the time of supply.

12. Regulations may require that in prescribed circumstances there is to be taken into account, as constituting part of the consideration for the purposes of section 10(2) of this Act (where it would not otherwise be so taken into account), money paid in respect of the supply by persons other than those to whom the supply is made.

SCH. 4

13. A direction under paragraph 1, 2 or 3 above may be varied or withdrawn by the Commissioners by a further direction given by notice in writing.

Section 16.

SCHEDULE 5

ZERO-RATING

GROUP 1—FOOD

The supply of anything comprised in the general items set out below, except—

- (a) a supply in the course of catering ; and
- (b) a supply of anything comprised in any of the excepted items set out below, unless it is also comprised in any of the items overriding the exceptions set out below which relates to that excepted item.

General items

Item No.

1. Food of a kind used for human consumption.
2. Animal feeding stuffs.
3. Seeds or other means of propagation of plants comprised in item 1 or 2.
4. Live animals of a kind generally used as, or yielding or producing, food for human consumption.

Excepted items

Item No.

1. Ice cream, ice lollies, frozen yogurt, water ices and similar frozen products, and prepared mixes and powders for making such products.
2. Chocolates, sweets and similar confectionery (including drained, glacé or crystallized fruits); and biscuits and other confectionery (not including cakes) wholly or partly covered with chocolate or some product similar in taste and appearance.
3. Beverages chargeable with any duty of excise specifically charged on spirits, beer, wine or made-wine and preparations thereof.
4. Other manufactured beverages, including fruit juices and bottled waters, and syrups, concentrates, essences, powders, crystals or other products for the preparation of beverages.
5. Any of the following when packaged for human consumption without further preparation, namely, potato crisps, potato sticks, potato puffs, and similar products made from the potato, or from potato flour, or from potato

starch, and savoury food products obtained by the swelling of cereals or cereal products ; and salted or roasted nuts other than nuts in shell.

SCH. 5

6. Pet foods, canned, packaged or prepared ; packaged foods (not being pet foods) for birds other than poultry or game ; and biscuits and meal for cats and dogs.
7. Goods described in items 1, 2 and 3 of the general items which are canned, bottled, packaged or prepared for use—
 - (a) in the domestic brewing of any beer ;
 - (b) in the domestic making of any cider or perry ;
 - (c) in the domestic production of any wine or made-wine.

Items overriding the exceptions

Item No.

1. Yogurt unsuitable for immediate consumption when frozen.
2. Drained cherries.
3. Candied peels.
4. Tea, maté, herbal teas and similar products, and preparations and extracts thereof.
5. Cocoa, coffee and chicory and other roasted coffee substitutes, and preparations and extracts thereof.
6. Preparations and extracts of meat, yeast, egg or milk.

Notes :

- (1) "Food" includes drink.
- (2) "Animal" includes bird, fish, crustacean and mollusc.
- (3) A supply of anything in the course of catering includes any supply of it for consumption on the premises on which it is supplied.
- (4) Item 1 of the items overriding the exceptions relates to item 1 of the excepted items.
- (5) Items 2 and 3 of the items overriding the exceptions relate to item 2 of the excepted items.
- (6) Items 4 to 6 of the items overriding the exceptions relate to item 4 of the excepted items.
- (7) Any supply described in this Group shall include a supply of services described in paragraph 1(1) of Schedule 2 to this Act.

GROUP 2—SEWERAGE SERVICES AND WATER

Item No.

1. Services of—
 - (a) reception, disposal or treatment of foul water or sewage in bulk ; and

SCH. 5

(b) emptying of cesspools, septic tanks or similar receptacles.

2. Water other than—

(a) distilled water, deionised water and water of similar purity, and

(b) water comprised in any of the excepted items set out in Group 1.

GROUP 3—BOOKS, ETC.

Item No.

1. Books, booklets, brochures, pamphlets and leaflets.
2. Newspapers, journals and periodicals.
3. Children's picture books and painting books.
4. Music (printed, duplicated or manuscript).
5. Maps, charts and topographical plans.
6. Covers, cases and other articles supplied with items 1 to 5 and not separately accounted for.

Note : Items 1 to 6—

- (a) do not include plans or drawings for industrial, architectural, engineering, commercial or similar purposes ; but
- (b) include the supply of the services described in paragraph 1(1) of Schedule 2 to this Act in respect of goods comprised in the items.

GROUP 4—TALKING BOOKS FOR THE BLIND AND HANDICAPPED AND WIRELESS SETS FOR THE BLIND

Item No.

1. The supply to the Royal National Institute for the Blind, the National Listening Library or other similar charities of—
 - (a) magnetic tape specially adapted for the recording and reproduction of speech for the blind or severely handicapped ;
 - (b) apparatus designed or specially adapted for the making on a magnetic tape, by way of the transfer of recorded speech from another magnetic tape, of a recording described in paragraph (f) below ;
 - (c) apparatus designed or specially adapted for transfer to magnetic tapes of a recording made by apparatus described in paragraph (b) above ;
 - (d) apparatus for re-winding magnetic tape described in paragraph (f) below ;
 - (e) apparatus designed or specially adapted for the reproduction from recorded magnetic tape of

SCH. 5

speech for the blind or severely handicapped which is not available for use otherwise than by the blind or severely handicapped ;

(f) magnetic tape upon which has been recorded speech for the blind or severely handicapped, such recording being suitable for reproduction only in the apparatus mentioned in paragraph (e) above ;

(g) parts and accessories for goods comprised in paragraphs (a) to (f) above.

2. The supply to a charity of wireless receiving sets solely for gratuitous loan to the blind.

Note : The supply mentioned in items 1 and 2 includes the letting on hire of goods comprised in the items.

GROUP 5—NEWSPAPER ADVERTISEMENTS

Item No.

1. The publication in any newspaper, journal or periodical of any advertisement.
2. The preparation of any advertisement intended for publication solely or mainly in one or more newspapers, journals or periodicals.
3. The supply of services for the purpose of securing such a publication or a preparation as is mentioned in item 1 or 2.

GROUP 6—NEWS SERVICES

Item No.

1. The supply to newspapers or to the public of information of a kind published in newspapers.

Note : This item does not include the supply of photographs.

GROUP 7—FUEL AND POWER

Item No.

1. Supplies of coal, coke and other solid substances, being supplies held out for sale solely as fuel.
2. Coal gas, water gas, producer gases and similar gases.
3. Petroleum gases, and other gaseous hydrocarbons, whether in a gaseous or liquid state.
4. Fuel oil, gas oil and kerosene.
5. Electricity, heat and air-conditioning.

Notes :

(1) Item 1 shall be deemed to include combustible materials put up for sale for kindling fires but shall not include matches upon which a duty of customs or excise has been or is to be charged.

SCH. 5
1979 c. 5.

(2) Items 2 and 3 do not include any road fuel gas (within the meaning of the Hydrocarbon Oil Duties Act 1979) on which a duty of excise has been charged or is chargeable.

(3) Item 4 does not include hydrocarbon oil on which a duty of excise has been or is to be charged without relief from, or rebate of, such duty by virtue of the provisions of the Hydrocarbon Oil Duties Act 1979.

(4) "Fuel oil" means heavy oil which contains in solution an amount of asphaltenes of not less than 0.5 per cent. or which contains less than 0.5 per cent. but not less than 0.1 per cent. of asphaltenes and has a closed flash point not exceeding 150°C.

(5) "Gas oil" means heavy oil of which not more than 50 per cent. by volume distils at a temperature not exceeding 240°C and of which more than 50 per cent. by volume distils at a temperature not exceeding 340°C.

(6) "Kerosene" means heavy oil of which more than 50 per cent. by volume distils at a temperature not exceeding 240°C.

(7) "Heavy oil" shall have the same meaning as in the Hydrocarbon Oil Duties Act 1979.

GROUP 8—CONSTRUCTION OF BUILDINGS, ETC.

Item No.

1. The granting by a person constructing a building of a major interest in, or in any part of, the building or its site.
2. The supply—
 - (a) in the course of the construction, alteration or demolition of, or
 - (b) in the course of the installation of any glazing to provide double or other multiple glazing for the first time in a particular location in,

any building or any civil engineering work, of any services other than the services of an architect, surveyor or any person acting as consultant or in a supervisory capacity.
3. The supply, by a person supplying services within item 2 and in connection with those services, of—
 - (a) materials or of builder's hardware, sanitary ware or other articles of a kind ordinarily installed by builders as fixtures; or
 - (b) in respect of such goods, services described in paragraph 1(1) of Schedule 2 to this Act.

Notes :

(1) Where the benefit of the consideration for the grant of a major interest as described in item 1 accrues to the person constructing the building but that person is not the grantor, he shall for the purposes of that item be treated as the person making the grant.

(2) Item 2 does not include—

- (a) any work of repair or maintenance; or
- (b) the supply of any services in the course of the construction or alteration of any civil engineering work within the

grounds or garden of a building used or to be used wholly or mainly as a private residence ; or SCH. 5

- (c) the supply by a person of any services which consist of or include any services supplied to him by some other person otherwise than in the course or furtherance of any business carried on by that other person ; or
- (d) the supply of services described in paragraph 1(1) or 5(3) of Schedule 2 to this Act.

(3) Section 16(3) of this Act does not apply to goods forming part of a description of supply in this Group.

GROUP 9—INTERNATIONAL SERVICES

Item No.

1. The supply of services relating to land situated outside the United Kingdom.
2. The letting on hire of goods for use outside the United Kingdom throughout the period of the hiring which—
 - (a) are exported by the lessor from the United Kingdom ; or
 - (b) at the time of supply are not in the United Kingdom.
3. The supply of—
 - (a) cultural, artistic, sporting, scientific, educational or entertainment services ; or
 - (b) services ancillary to, including that of organising, the performance outside the United Kingdom of any service in paragraph (a),
being services performed outside the United Kingdom.
4. The supply of services of valuing or of carrying out work on goods situated outside the United Kingdom, being services performed outside the United Kingdom.
5. The supply to a person in his business capacity (and not in his private capacity) who in that capacity belongs in a country, other than the United Kingdom, which is a member State of the Economic Community of any service comprised in paragraphs 1 to 7 of Schedule 3 to this Act.
6. The supply to a person who belongs in a country, other than the Isle of Man, which is not a member State of the Economic Community of—
 - (a) any service comprised in paragraphs 1 to 7 of Schedule 3 to this Act other than—
 - (i) insurance and reinsurance services described in Group 2 of Schedule 6 to this Act ;
 - (ii) the issue, transfer or receipt of, or any dealing with any certificate of deposit ;

SCH. 5

1982 c. 50.

- (b) insurance by a person described in item 1 of Group 2 of Schedule 6 to this Act other than that upon or against any risks or other things described in groups 3 and 4 of Part II of Schedule 2 to the Insurance Companies Act 1982 ;
 - (c) reinsurance by a person described in item 1 of Group 2 of Schedule 6 to this Act ;
 - (d) services comprised in item 3 or 4 of Group 2 of Schedule 6 to this Act which are in respect of a supply of insurance or reinsurance comprised in this item.
7. The supply of—
- (a) insurance (and not of reinsurance) by a person described in item 1 of Group 2 of Schedule 6 to this Act upon or against any risks or other things described in groups 3 and 4 of Part II of Schedule 2 to the Insurance Companies Act 1982 where the supply is in connection with the carriage of passengers, or of goods, to or from a place, other than the Isle of Man, outside the member States of the Economic Community ;
 - (b) services comprised in item 3 or 4 of Group 2 of Schedule 6 to this Act which are in respect of a supply of insurance comprised in this item.
8. The supply—
- (a) by the Export Credits Guarantee Department or a person described in item 1 of Group 2 of Schedule 6 to this Act of insurance against risks incurred in the making of advances or the granting of credits in connection with goods for export outside the member States of the Economic Community, other than goods for removal to the Isle of Man ; or
 - (b) of services comprised in item 3 or 4 of Group 2 of Schedule 6 to this Act which are in respect of a supply of insurance comprised in this item.
9. The supply of services comprised in item 1, 2 or 3 of Group 5 of Schedule 6 to this Act where the services are in connection with—
- (a) the export of specific goods ; or
 - (b) the transshipment (whether within or outside the United Kingdom) of goods,
- the ultimate destination of the goods being a place outside the Economic Community other than the Isle of Man.
10. The supply of services to a person who belongs in a country, other than the United Kingdom, of work carried out on goods which, for that purpose, are acquired within,

or imported into, the United Kingdom for subsequent export and in fact are exported. SCH. 5

11. The supply of services in procuring for another person—
- (a) an export of goods from the United Kingdom ; or
 - (b) any of the supplies of services comprised in item 1, 2, 3, 4, 5, 6, or 10 of this Group ; or
 - (c) any supply of goods or services made outside the United Kingdom.

Notes :

(1) Item 1 includes—

- (a) services in the course of the construction, alteration, repair, maintenance or demolition of any building or of any civil engineering work ; and
- (b) services such as are supplied by estate agents and auctioneers, architects, surveyors, engineers and others involved in matters relating to land,

but does not include any services comprised in paragraphs 1 to 7 of Schedule 3 to this Act.

(2) Item 2 does not include the letting on hire of any means of transport for use in a member State of the Economic Community.

(3) Items 1 to 5 do not include services comprised in any Group of Schedule 6 to this Act.

(4) Items 5 and 6 do not include—

- (a) services of education, health or training (which are not comprised in any Group of Schedule 6 to this Act) performed in the United Kingdom other than training supplied to a foreign Government acting in furtherance of its sovereign activities ; or
- (b) the provision or organisation of conferences, exhibitions or meetings held in the United Kingdom unless those services are comprised in paragraph 2 of Schedule 3 to this Act ; or
- (c) any services related to those described in paragraph (b) above.

(5) Item 6 does not include services comprised in any Group other than those comprised in Group 2 or Group 5 of Schedule 6 to this Act.

(6) In item 6 “ certificate of deposit ” means a document relating to money, in any currency, which has been deposited with the issuer or some other person, being a document which recognises an obligation to pay a stated amount to bearer or to order, with or without interest, and being a document by the delivery of which, with or without endorsement, the right to receive that stated amount, with or without interest, is transferable.

(7) Item 7 does not include a supply in respect of—

- (a) boats of a gross tonnage of less than 15 tons or boats designed for use for recreation or pleasure, except in either

SCH. 5
1894 c. 60.

case boats which are of a kind used solely as **liferrafts** and comply with the requirements of the rules for the time being in force under section 427 of the Merchant Shipping Act 1894 in relation to **liferrafts** ;

- (b) boats adapted for use for recreation or pleasure ;
- (c) aircraft—
 - (i) of a weight of less than 8,000 kilogrammes ; or
 - (ii) designed or adapted for use for recreation or pleasure ;
- (d) hovercraft designed or adapted for use for recreation or pleasure.

(8) Item 11 does not include the supply of services of procurement by a travel agent for the account of a traveller where the place of enjoyment of the supplies procured is in a member State of the **Economic Community**.

GROUP 10—TRANSPORT

Item No.

1. The supply, repair or maintenance of any ship which is **neither**—
 - (a) a ship of a gross tonnage of less than 15 tons ;
nor
 - (b) a ship designed or adapted for use for recreation or pleasure.
2. The supply, repair or maintenance of any aircraft which is **neither**—
 - (a) an aircraft of a weight of less than 8,000 kilogrammes ; nor
 - (b) an aircraft designed or adapted for use for recreation or pleasure.
3. The supply to and repair or maintenance for the Royal National Life-boat Institution of any lifeboat.
4. Transport of passengers—
 - (a) in any vehicle, ship or aircraft designed or adapted to carry not less than twelve passengers ;
or
 - (b) by the Post Office ; or
 - (c) on any scheduled flight.
5. Transport of passengers or freight outside the United Kingdom or to or from a place outside the United Kingdom.
6. Any services provided for—
 - (a) the handling of ships or aircraft in a port or customs and excise airport ; or
 - (b) the handling, in a port or customs and excise airport or on land adjacent to a port, of goods carried in a ship or aircraft.

- SCH. 5
7. Pilotage services.
 8. Salvage or towage services.
 9. Any services supplied within or outside the United Kingdom for or in connection with the surveying of any ship or aircraft or the classification of any ship or aircraft for the purposes of any register.
 10. The making of arrangements for—
 - (a) the supply of, or of space in, any ship or aircraft ;
or
 - (b) the supply of any service included in items 1 to 9, 11 and 12.
 11. The supply of services, performed outside the United Kingdom, which are ancillary to the transport of goods or passengers.
 12. The supply to a person in his business capacity (and not in his private capacity) who in that capacity belongs in a country other than the United Kingdom—
 - (a) of services consisting of the handling or storage of goods at or their transport to or from the place at which they are to be exported or have been imported or of the handling or storage of such goods in connection with such transport ;
or
 - (b) of services comprised in paragraph (a) of item 6, item 9 or paragraph (a) of item 10.

Notes :

(1) In items 1 and 2 the supply of a ship or, as the case may be, aircraft, includes the supply of any services under a charter of that ship or aircraft.

(2) Items 1, 2 and 3 include the letting on hire of craft specified in the items.

(3) "Lifeboat" includes any ship used as a lifeboat.

(4) Item 6 does not include the letting on hire of goods.

(5) "Port" and "customs and excise airport" have the same meanings as in the Customs and Excise Management Act 1979.

1979 c. 2.

(6) Except for the purposes of item 12, paragraph (a) of item 6, item 9 and paragraph (a) of item 10 do not include the supply of any services where the ships or aircraft referred to in those paragraphs are of the descriptions specified in paragraphs (a) and (b) of item 1 or in paragraphs (a) and (b) of item 2.

GROUP 11—CARAVANS AND HOUSEBOATS

Item No.

1. Caravans exceeding the limits of size for the time being permitted for the use on roads of a trailer drawn by a motor vehicle having an unladen weight of less than 2,030 kilogrammes.

SCH. 5

2. Houseboats being boats or other floating decked structures designed or adapted for use solely as places of permanent habitation and not having means of, or capable of being readily adapted for, self-propulsion.
3. The supply of such services as are described in paragraph 1(1) or 5(3) of Schedule 2 to this Act in respect of a caravan comprised in item 1 or a houseboat comprised in item 2.

Note :

This Group does not include—

- (a) removable contents other than goods of a kind mentioned in item 3 of Group 8 ; or
- (b) the supply of holiday accommodation including any accommodation advertised or held out as such.

GROUP 12—GOLD

Item No.

1. The supply, by a Central Bank to another Central Bank or a member of the London Gold Market, of gold held in the United Kingdom.
2. The supply, by a member of the London Gold Market to a Central Bank, of gold held in the United Kingdom.

Notes :

- (1) " Gold " includes gold coins.
- (2) Section 16(3) of this Act does not apply to goods forming part of a description of supply in this Group.
- (3) Items 1 and 2 include—
 - (a) the granting of a right to acquire a quantity of gold ; and
 - (b) any supply described in those items which by virtue of paragraph 1 of Schedule 2 to this Act is a supply of services.

GROUP 13—BANK NOTES

Item No.

1. The issue by a bank of a note payable to bearer on demand.

GROUP 14—DRUGS, MEDICINES, AIDS FOR THE HANDICAPPED, ETC.

Item No.

1. The supply of any goods dispensed, by a person registered in the register of pharmaceutical chemists kept under the Pharmacy Act 1954 or the Pharmacy (Northern Ireland) Order 1976, on the prescription of a person registered in the register of medical practitioners, the register of medical practitioners with limited registration or the dentists' register.
2. The supply to a handicapped person for domestic or his personal use, or to a charity for making available to

handicapped persons by sale or otherwise, for domestic or their personal use, of—

SCH. 5

- (a) medical or surgical appliances designed solely for the relief of a severe abnormality or severe injury ;
 - (b) electrically or mechanically adjustable beds designed for invalids ;
 - (c) commode chairs, commode stools, devices incorporating a bidet jet and warm air drier and frames or other devices for sitting over or rising from a sanitary appliance ;
 - (d) chair lifts or stair lifts designed for use in connection with invalid wheelchairs ;
 - (e) hoists and lifters designed for use by invalids ;
 - (f) motor vehicles designed or adapted so as to be suitable mainly for the carriage, in a wheelchair or on a stretcher, of no more than one passenger ;
 - (g) equipment and appliances not included in paragraphs (a) to (f) above designed solely for use by a handicapped person ;
 - (h) parts and accessories designed solely for use in or with goods described in paragraphs (a) to (g) above.
3. The supply to a handicapped person of services of adapting goods to suit his condition.
 4. The supply to a charity of services of adapting goods to suit the condition of a particular handicapped person to whom the goods are to be made available, by sale or otherwise, by the charity.
 5. The supply to a handicapped person of a service of repair or maintenance of any goods which were supplied to him, or to a charity, where the supply was of a description specified in item 2 or 6.
 6. The supply of goods in connection with a supply described in item 3, 4 or 5.

Notes :

(1) Section 16(3) of this Act does not apply to goods forming part of a description of supply in item 1, nor to other goods forming part of a description of supply in this Group, except where those other goods are imported by a handicapped person for domestic or his personal use, or by a charity for making available to handicapped persons, by sale or otherwise, for domestic or their personal use.

(2) For the purposes of item 1 a person who is not registered in the visiting EEC practitioners list in the register of medical practitioners at the time he performs services in an urgent case as mentioned in subsection (3) of section 18 of the Medical Act 1983 1983 c. 54.

SCH. 5 is to be treated as being registered in that list where he is entitled to be registered in accordance with that section.

(3) "Handicapped" means chronically sick or disabled.

(4) Item 2 shall not include hearing aids (except hearing aids designed for the auditory training of deaf children), dentures, spectacles and contact lenses but shall be deemed to include—

- (a) clothing, footwear and wigs ;
- (b) invalid wheelchairs, and invalid carriages other than mechanically propelled vehicles intended or adapted for use on roads ; and
- (c) renal haemodialysis units, oxygen concentrators, artificial respirators and other similar apparatus.

(5) The supplies described in items 1 and 2 include supplies of services of letting on hire of the goods respectively comprised in those items.

GROUP 15—IMPORTS, EXPORTS, ETC.

Item No.

1979 c. 2.

1. The supply of imported goods before the delivery of an entry (within the meaning of section 37 of the Customs and Excise Management Act 1979) under an agreement requiring the purchaser to make such entry.
2. The transfer of goods or services from the United Kingdom by a person carrying on a business both inside and outside the United Kingdom to his place of business outside the United Kingdom.
3. The supply to or by an overseas authority, overseas body or overseas trader, charged with the management of any defence project which is the subject of an international collaboration arrangement or under direct contract with any government or government-sponsored international body participating in a defence project under such an arrangement, of goods or services in the course of giving effect to that arrangement.
4. The supply to an overseas authority, overseas body or overseas trader of jigs, patterns, templates, dies, punches and similar machine tools used in the United Kingdom solely for the manufacture of goods for export.

Notes :

(1) Item 2 does not apply where the person makes other taxable supplies.

(2) An "international collaboration arrangement" means any arrangement which—

- (a) is made between the United Kingdom Government and the government of one or more other countries, or any government-sponsored international body for collaboration in a joint project of research, development or production ; and

(b) includes provision for participating governments to relieve the cost of the project from taxation.

SCH. 5

(3) "Overseas authority" means any country other than the United Kingdom or any part of or place in such a country or the government of any such country, part or place.

(4) "Overseas body" means a body established outside the United Kingdom.

(5) "Overseas trader" means a person who carries on a business and has his principal place of business outside the United Kingdom.

(6) Item 4 does not apply where the overseas authority, overseas body or overseas trader is a taxable person.

GROUP 16—CHARITIES, ETC.

Item No.

1. The supply by a charity established primarily for the relief of distress or for the protection or benefit of animals of any goods which have been donated for sale.
2. The donation of any goods for sale by a charity described in item 1.
3. The export of any goods by a charity.
4. The supply of any relevant goods for donation to a nominated eligible body where the goods are purchased with funds provided by a charity or from voluntary contributions.
5. The supply of any relevant goods to an eligible body which pays for them with funds provided by a charity or from voluntary contributions or to an eligible body which is a charitable institution providing care or medical or surgical treatment for handicapped persons.
6. Repair and maintenance of relevant goods owned by an eligible body.
7. The supply of goods in connection with the supply described in item 6.

Notes :

(1) Item 1 shall apply only if the supply is a sale by the first donee of the goods.

(2) "The relief of distress" means—

(a) the relief of poverty ; or

(b) the making of provision for the cure or mitigation or prevention of, or for the care of persons suffering from or subject to, any disease or infirmity or disability affecting human beings (including the care of women before, during and after childbirth).

(3) "Animals" includes any species of the animal kingdom.

SCH. 5

(4) "Relevant goods" means—

- (a) medical or scientific equipment solely for use in medical research, diagnosis or treatment ;
- (b) ambulances ;
- (c) parts and accessories designed solely for use in or with goods described in paragraph (a) or (b) above ;
- (d) goods of a kind described in item 2 of Group 14 of this Schedule.

(5) "Eligible body" means—

- (a) a Regional, District or Special Health Authority in England and Wales ;
- (b) a Health Board in Scotland ;
- (c) a Health and Social Services Board in Northern Ireland ;
- (d) a hospital whose activities are not carried on for profit ;
- (e) a research institution whose activities are not carried on for profit ;
- (f) a charitable institution providing care or medical or surgical treatment for handicapped persons ;
- (g) the Common Services Agency for the Scottish Health Service, the Northern Ireland Central Services Agency for Health and Social Services or the Isle of Man Health Services Board.

(6) "Handicapped" means chronically sick or disabled.

(7) Item 4 does not apply where the donee of the goods is not a charity and has contributed in whole or in part to the funds for the purchase of the goods.

(8) Item 5 does not apply where the body to whom the goods are supplied is not a charity and has contributed in whole or in part to the funds for the purchase of the goods.

(9) Items 6 and 7 do not apply unless—

- (a) the supply is paid for with funds which have been provided by a charity or from voluntary contributions, and
- (b) in a case where the owner of the goods repaired or maintained is not a charity, it has not contributed in whole or in part to those funds.

GROUP 17—CLOTHING AND FOOTWEAR

Item No.

1. Articles designed as clothing or footwear for young children and not suitable for older persons.
2. Protective boots and helmets for industrial use.
3. Protective helmets for wear by a person driving or riding a motor bicycle.

Notes :

- (1) "Clothing" includes hats and other headgear.

(2) Item 1 does not include articles of clothing made wholly or partly of fur skin, except— SCH. 5

- (a) headgear ;
- (b) gloves ;
- (c) buttons, belts and buckles ;
- (d) any garment merely trimmed with fur skin unless the trimming has an area greater than one-fifth of the area of the outside material or, in the case of a new garment, represents a cost to the manufacturer greater than the cost to him of the other components.

(3) "Fur skin" means any skin with fur, hair or wool attached except—

- (a) rabbit skin ;
- (b) woolled sheep or lamb skin ; and
- (c) the skin, if neither tanned nor dressed, of bovine cattle (including buffalo), equine animals, goats or kids (other than Yemen, Mongolian and Tibetan goats or kids), swine (including peccary), chamois, gazelles, deer or dogs.

(4) Items 2 and 3 apply only where the articles to which they refer are manufactured to standards for boots or helmets approved by the British Standards Institution and bear a marking indicating compliance with the specification relating to them.

(5) Items 1, 2 and 3 include the supply of the services described in paragraphs 1(1) and 5(3) of Schedule 2 to this Act in respect of goods comprised in the items.

SCHEDULE 6

EXEMPTIONS

GROUP 1—LAND

Sections 7 and
17.

Item No.

1. The grant, assignment or surrender of any interest in or right over land or of any licence to occupy land, other than—
 - (a) the provision of accommodation in a hotel, inn, boarding house or similar establishment or of holiday accommodation in a house, flat, caravan or houseboat ;
 - (b) the granting of facilities for camping in tents or caravans ;
 - (c) the granting of facilities for parking a vehicle ;
 - (d) the granting of any right to take game or fish ;
 - (e) the granting of any right to fell and remove standing timber ;
 - (f) the granting of facilities for housing or storage of, an aircraft or for mooring, or storage of, a ship, boat or vessel ; and

SCH. 6

- (g) the provision to an exhibitor of a site or space at any exhibition, or similar event, organised wholly or mainly for the display or advertisement of goods or services.

Notes :

(1) "Holiday accommodation" includes any accommodation advertised or held out as such.

(2) "Houseboat" includes a houseboat within the meaning of Group 11 of Schedule 5.

(3) "Mooring" includes anchoring or berthing.

GROUP 2—INSURANCE

Item No.

1982 c. 50.

1. The provision of insurance and reinsurance by persons permitted, in accordance with section 2 of the Insurance Companies Act 1982, to carry on insurance business.
2. The provision of insurance and reinsurance by the Export Credits Guarantee Department.
3. The making of arrangements for the provision of any insurance or reinsurance in items 1 and 2.
4. The handling of insurance claims by insurance brokers, insurance agents and persons permitted to carry on insurance business as described in item 1.

Note : Item 4 does not include supplies by loss adjusters, average adjusters, motor assessors, surveyors and other experts, and legal services, in connection with the assessment of any claim.

GROUP 3—POSTAL SERVICES

Item No.

1. The conveyance of postal packets by the Post Office.
2. The supply by the Post Office of any services in connection with the conveyance of postal packets.

Notes :

1953 c. 36.

(1) "Postal packet" has the same meaning as in the Post Office Act 1953, except that it does not include a telegram.

(2) Item 2 does not include the letting on hire of goods.

GROUP 4—BETTING, GAMING AND LOTTERIES

Item No.

1. The provision of any facilities for the placing of bets or the playing of any games of chance.
2. The granting of a right to take part in a lottery.

Notes :

(1) Item 1 does not include—

- (a) admission to any premises ; or

- (b) the granting of a right to take part in a game in respect of which a charge may be made by virtue of regulations under section 14 of the Gaming Act 1968 ; or SCH. 6
1968 c. 65.
- (c) the provision by a club of such facilities to its members as are available to them on payment of their subscription but without further charge ; or
- (d) the provision of a gaming machine.

(2) "Game of chance" has the same meaning as in the Gaming Act 1968.

(3) "Lottery" includes any competition for prizes which is authorised by a licence under the Pool Competitions Act 1971. 1971 c. 57.

(4) "Gaming machine" means a machine in respect of which the following conditions are satisfied, namely—

- (a) it is constructed or adapted for playing a game of chance by means of it ; and
- (b) a player pays to play the machine (except where he has an opportunity to play payment-free as the result of having previously played successfully) either by inserting a coin or token into the machine or in some other way ; and
- (c) the element of chance in the game is provided by means of the machine.

GROUP 5—FINANCE

Item No.

1. The issue, transfer or receipt of, or any dealing with, money, any security for money or any note or order for the payment of money.
2. The making of any advance or the granting of any credit.
3. The provision of the facility of instalment credit finance in a hire-purchase, conditional sale or credit sale agreement for which facility a separate charge is made and disclosed to the recipient of the supply of goods.
4. The provision of administrative arrangements and documentation and the transfer of title to the goods in connection with the supply described in item 3 if the total consideration therefor is specified in the agreement and does not exceed £10.
5. The making of arrangements for any transaction comprised in item 1, 2, 3 or 4.
6. The issue, transfer or receipt of, or any dealing with, any security or secondary security within the definition in section 42 of the Exchange Control Act 1947. 1947 c. 14.
7. The operation of any current, deposit or savings account.

Notes :

- (1) Item 1 does not include anything included in item 6.

SCH. 6

(2) This Group does not include the supply of a coin or a banknote as a collectors' piece or as an investment article.

(3) Item 2 includes the supply of credit by a person, in connection with a supply of goods or services by him, for which a separate charge is made and disclosed to the recipient of the supply of goods or services.

GROUP 6—EDUCATION

Item No.

1. The provision of education or research by a school or university.
2. The provision, otherwise than for profit, of—
 - (a) education or research of a kind provided by a school or university ; or
 - (b) training or re-training for any trade, profession or employment.
3. Private tuition, in subjects (except those of a recreational or sporting nature) which are normally taught in the course of education provided by a school or university, to an individual pupil by a teacher acting independently of any employer or organisation.
4. The supply of any goods or services incidental to the provision of any education, training or re-training comprised in items 1 and 2.
5. The provision of any instruction supplemental to the provision of any education comprised in items 1 and 2.
6. The provision by a youth club or association of youth clubs of the facilities available to its members.

Notes :

(1) "Education" includes training in any form of art.

(2) "School" in items 1, 2 and 3 means an institution which, within the meaning of the Education Acts 1944 to 1981, the Education (Scotland) Act 1980 or the Education and Libraries (Northern Ireland) Orders 1972, 1976 and 1980, provides primary or secondary education or both, and which—

(a) either is provisionally or finally registered or deemed to be registered as a school within the meaning of the aforesaid legislation, in a register of independent schools or is a school in respect of which grants are made by the Secretary of State to the proprietor or managers ; or

(b) is a voluntary school within the meaning of the Education Act 1944 or the Education and Libraries (Northern Ireland) Orders 1972, 1976 and 1980.

(3) "University" means a United Kingdom university and includes any college, institution, school or hall of such a university.

1980 c. 44.

1944 c. 31.

(4) Paragraph (a) of item 2 does not include recreational or sporting activities except where they are provided as part of a general educational curriculum.

SCH. 6

(5) Item 4 applies only where supplies described in that item are made to the persons receiving the education, training or re-training comprised in items 1 and 2, by the same person who provides them with that education, training or re-training.

(6) Item 5 applies only where the instruction described in that item is provided to persons receiving education comprised in items 1 and 2 by the same person who provides them with that education.

GROUP 7—HEALTH

Item No.

1. The supply of services and, in connection with it, the supply of goods, by a person registered or enrolled in any of the following—
 - (a) the register of medical practitioners or the register of medical practitioners with limited registration ;
 - (b) the dentists' register ;
 - (c) either of the registers of ophthalmic opticians or the register of dispensing opticians kept under the Opticians Act 1958 or either of the lists kept under section 4 of that Act of bodies corporate carrying on business as ophthalmic opticians or as dispensing opticians ; 1958 c. 32.
 - (d) any register kept under the Professions Supplementary to Medicine Act 1960 ; 1960 c. 66.
 - (e) the register of qualified nurses, midwives and health visitors kept under section 10 of the Nurses, Midwives and Health Visitors Act 1979 ; 1979 c. 36.
 - (f) any roll of ancillary dental workers established under section 41 of the Dentists Act 1957 ; 1957 c. 28.
 - (g) the register of dispensers of hearing aids or the register of persons employing such dispensers maintained under section 2 of the Hearing Aid Council Act 1968. 1968 c. 50.
2. The supply of any goods or services by a dental technician.
3. The supply of any services by a person registered in the register of pharmaceutical chemists kept under the Pharmacy Act 1954 or the Pharmacy (Northern Ireland) Order 1976. 1954 c. 61.
1976 S.I. No. 1213 (N.I. 22).
4. The provision of care or medical or surgical treatment and, in connection with it, the supply of any goods, in any hospital or other institution approved, licensed, registered

SCH. 6

1974 c. 28.

or exempted from registration by any Minister or other authority pursuant to a provision of a public general Act of Parliament or of the Northern Ireland Parliament or of a public general Measure of the Northern Ireland Assembly or Order in Council under Schedule 1 to the Northern Ireland Act 1974, not being a provision which is capable of being brought into effect at different times in relation to different local authority areas.

5. The provision of a deputy for a person registered in the register of medical practitioners or the register of medical practitioners with limited registration.
6. Human blood.
7. Products for therapeutic purposes, derived from human blood.
8. Human (including foetal) organs or tissue for diagnostic or therapeutic purposes or medical research.

Notes :

(1) Item 1 does not include the letting on hire of goods except where the letting is in connection with a supply of other services comprised in the item.

(2) Paragraphs (a) to (f) of item 1 include supplies made by a person who is not registered or enrolled in any of the registers or rolls specified in those paragraphs where the services are wholly performed or directly supervised by a person who is so registered or enrolled.

(3) Item 3 does not include the letting on hire of goods.

(4) For the purposes of this Group a person who is not registered in the visiting EEC practitioners list in the register of medical practitioners at the time he performs services in an urgent case as mentioned in subsection (3) of section 18 of the Medical Act 1983 is to be treated as being registered in that list where he is entitled to be registered in accordance with that section.

1983 c. 54.

GROUP 8—BURIAL AND CREMATION

Item No.

1. The disposal of the remains of the dead.
2. The making of arrangements for or in connection with the disposal of the remains of the dead.

GROUP 9—TRADE UNIONS AND PROFESSIONAL BODIES

Item No.

1. The supply to its members of such services and, in connection with those services, of such goods as are both referable only to its aims and available without payment

other than a membership subscription by any of the following non-profit-making organisations— SCH. 6

- (a) a trade union or other organisation of persons having as its main object the negotiation on behalf of its members of the terms and conditions of their employment ;
- (b) a professional association, membership of which is wholly or mainly restricted to individuals who have or are seeking a qualification appropriate to the practice of the profession concerned ;
- (c) an association, the primary purpose of which is the advancement of a particular branch of knowledge, or the fostering of professional expertise, connected with the past or present professions or employments of its members ;
- (d) an association, the primary purpose of which is to make representations to the Government on legislation and other public matters which affect the business or professional interests of its members.

Notes :

(1) Item 1 does not include any right of admission to any premises, event or performance, to which non-members are admitted for a consideration.

(2) "Trade union" has the meaning assigned to it by section 28(1) of the Trade Union and Labour Relations Act 1974. 1974 c. 52.

(3) Item 1 shall include organisations and associations the membership of which consists wholly or mainly of constituent or affiliated associations which as individual associations would be comprised in the item ; and "member" shall be construed as including such an association and "membership subscription" shall include an affiliation fee or similar levy.

(4) Paragraph (c) does not apply unless the association restricts its membership wholly or mainly to individuals whose present or previous professions or employments are directly connected with the purposes of the association.

(5) Paragraph (d) does not apply unless the association restricts its membership wholly or mainly to individuals or corporate bodies whose business or professional interests are directly connected with the purposes of the association.

GROUP 10—SPORTS COMPETITIONS

Item No.

1. The grant of a right to enter a competition in sport or physical recreation where the consideration for the grant consists in money which is to be allocated wholly towards the provision of a prize or prizes awarded in that competition.

SCH. 6

2. The grant, by a non-profit-making body established for the purposes of sport or physical recreation, of a right to enter a competition in such an activity.

Note :

Item 2 does not include any supply where the consideration consists wholly or partly in a charge which the body ordinarily makes for the use of its facilities or the admission to its premises.

GROUP 11—WORKS OF ART, ETC.

Item No.

- | | |
|---|---|
| 1953 c. 34.
1956 c. 54.
1930 c. 28. | 1. The disposal of an object with respect to which estate duty is not chargeable by virtue of section 30(3) of the Finance Act 1953, section 34(1) of the Finance Act 1956 or the proviso to section 40(2) of the Finance Act 1930. |
| 1975 c. 7. | 2. The disposal of an object with respect to which capital transfer tax is not chargeable by virtue of section 32(3)(a) or (4), 34(6)(a), or the words following paragraph (b) of section 34(6) of the Finance Act 1975. |
| 1976 c. 40. | 3. The disposal of property with respect to which capital transfer tax is not chargeable by virtue of section 78(4) of the Finance Act 1976. |
| 1979 c. 14 | 4. The disposal of an asset in a case in which any gain accruing on that disposal is not a chargeable gain by virtue of section 147(2) of the Capital Gains Tax Act 1979. |

Section 38.

SCHEDULE 7

ADMINISTRATION, COLLECTION
AND ENFORCEMENT*General*

1.—(1) The tax shall be under the care and management of the Commissioners.

(2) All money and securities for money collected or received for or on account of the tax shall—

- | | |
|------------|---|
| 1979 c. 2. | <p>(a) if collected or received in Great Britain, be placed to the general account of the Commissioners kept at the Bank of England under section 17 of the Customs and Excise Management Act 1979 ;</p> <p>(b) if collected or received in Northern Ireland, be paid into the Consolidated Fund of the United Kingdom in such manner as the Treasury may direct.</p> |
|------------|---|

Accounting for and payment of tax

2.—(1) Regulations under this paragraph may require the keeping of accounts and the making of returns in such form and manner as may be specified in the regulations and may require taxable persons supplying goods or services to other taxable persons to provide

them with invoices (to be known as "tax invoices") containing statements of such particulars as may be so specified of the supply, the tax chargeable on it and the persons by and to whom the goods or services are supplied.

(2) The regulations may, where they require a tax invoice to be provided in connection with any description of supply, require it to be provided within a prescribed time after the supply is treated as taking place, and may allow for that time to be extended in accordance with general or special directions given by the Commissioners.

(3) Regulations under this paragraph may make special provision for such taxable supplies by retailers of any goods or of any description of goods or of services or any description of services as may be determined by or under the regulations and, in particular—

(a) for permitting the value which is to be taken as the value of the supplies in any prescribed accounting period or part thereof to be determined, subject to any limitations or restrictions, by such method or one of such methods as may have been described in any notice published by the Commissioners in pursuance of the regulations and not withdrawn by a further notice or as may be agreed with the Commissioners ; and

(b) for determining the proportion of the value of the supplies which is to be attributed to any description of supplies ; and

(c) for adjusting that value and proportion for periods comprising two or more prescribed accounting periods or parts thereof.

(4) Regulations under this paragraph may make provision—

(a) for treating tax chargeable in one prescribed accounting period as chargeable in another such period ; and

(b) for the adjustment of accounts in cases where tax has become chargeable by reference to a consideration and the amount of the consideration is reduced or no consideration becomes payable and in such other circumstances as may be specified in the regulations ; and

(c) for the correction of errors.

(5) Regulations under this paragraph may make different provision for different circumstances and may provide for different dates as the commencement of prescribed accounting periods applicable to different persons.

(6) The provisions made by regulations under this paragraph for cases where goods are treated as supplied by a taxable person by virtue of paragraph 6 of Schedule 2 to this Act may require the tax chargeable on the supply to be accounted for and paid, and particulars thereof to be provided, by such other person and in such manner as may be specified by the regulations.

(7) Where, at the end of a prescribed accounting period, the amount of tax due from any person or the amount due to any person under section 14(5) of this Act would be less than £1 that amount shall be treated as nil.

SCH. 7

Production of tax invoices by computer

3.—(1) For the purposes of any provision contained in or having effect under this Act which relates to tax invoices a person shall be treated as issuing, or as providing another person with, a tax invoice if the requisite particulars are recorded in a computer and transmitted by electronic means and without the delivery of any document.

(2) No provision relating to tax invoices shall be treated as complied with by the production by means of a computer of any material other than a document in writing, by delivering any such material so produced or by making any such transmission as is mentioned in sub-paragraph (1) above unless the person producing or delivering the material or making the transmission and, in the case of delivered material or a transmission, the person receiving it—

- (a) has given the Commissioners at least one month's notice in writing that he proposes to produce or deliver such material or make such transmissions or, as the case may be, receive such material or transmissions ; and
- (b) complies with such requirements as may be specified in regulations or as the Commissioners may from time to time impose in his case.

(3) An authorised person—

- (a) shall be entitled at any reasonable time to have access to, and to inspect and check the operation of, any computer and any associated apparatus or material which is or has been in use by a taxable person in connection with the production, delivery or receipt of material which is or purports to be a tax invoice or with the transmission as mentioned in sub-paragraph (1) above of particulars which are or purport to be particulars of such an invoice ; and
- (b) may require the taxable person or any other person having charge of any such computer, apparatus or material to afford him such assistance as he may require for the purposes of paragraph (a) above.

(4) Any person who obstructs an authorised person in the exercise of his powers under paragraph (a) of sub-paragraph (3) above or without reasonable excuse fails to comply with a requirement under paragraph (b) of that sub-paragraph shall be liable on summary conviction to a penalty of level 4 on the standard scale.

Power of Commissioners to assess tax due

4.—(1) Where a person has failed to make any returns required under this Act or to keep any documents and afford the facilities necessary to verify such returns or where it appears to the Commissioners that such returns are incomplete or incorrect they may assess the amount of tax due from him to the best of their judgment and notify it to him.

(2) In any case where—

- (a) an amount has been repaid to any person as being a repayment of tax, which ought not to have been repaid, or

SCH. 7

- (b) an amount has been paid to any person as being due to him in accordance with section 14(5) of this Act, which ought not to have been paid to him,

the Commissioners may assess that amount as being tax due from him in the prescribed accounting period in which the amount was repaid or, as the case may be, paid and notify it to him accordingly.

(3) Where a person is assessed under sub-paragraphs (1) and (2) above in respect of the same prescribed accounting period the assessments may be combined and notified to him as one assessment.

(4) Where the person failing to make a return, or making a return which appears to the Commissioners to be incomplete or incorrect, was required to make the return as a personal representative, trustee in bankruptcy, receiver, liquidator or person otherwise acting in a representative capacity in relation to another person, sub-paragraph (1) above shall apply as if the reference to tax due from him included a reference to tax due from that other person.

(5) An assessment under sub-paragraph (1) or (2) above of an amount of tax due for any prescribed accounting period shall not be made after the later of the following—

- (a) two years after the end of the prescribed accounting period ;
or
(b) one year after evidence of facts, sufficient in the opinion of the Commissioners to justify the making of the assessment, comes to their knowledge,

but may, where further such evidence comes to their knowledge after the making of such an assessment, be made in addition to that assessment.

(6) Where a taxable person has acquired or imported any goods in the course or furtherance of any business carried on by him the Commissioners may require him from time to time to account for the goods ; and if he fails to prove that the goods have been or are available to be supplied by him or have been lost or destroyed they may assess to the best of their judgment and notify to him the amount of tax that would have been chargeable in respect of the supply of the goods if they had been supplied by him.

(7) An assessment under sub-paragraph (1), (2) or (6) above shall not be made more than six years after the end of the prescribed accounting period or importation concerned, nor, if the taxable person has died, more than three years after his death ; except that if the Commissioners satisfy a value added tax tribunal that there are reasonable grounds for believing that tax has been or may have been lost through the fraud or wilful default or neglect of any person an assessment may, with the leave of the tribunal, be made at any time or, if the taxable person has died, at any time not later than six years after the death.

(8) Members of a value added tax tribunal giving leave for an assessment shall not take part in the proceedings or be present when an appeal against the assessment or against the amount of the assessment is heard or determined.

SCH. 7

(9) Where an amount has been assessed and notified to any person under sub-paragraph (1), (2) or (6) above it shall, subject to the provisions of this Act as to appeals, be deemed to be an amount of tax due from him and may be recovered accordingly, unless, or except to the extent that, the assessment has subsequently been withdrawn or reduced.

(10) For the purposes of this paragraph notification to a personal representative, trustee in bankruptcy, receiver, liquidator or person otherwise acting as aforesaid shall be treated as notification to the person in relation to whom he so acts.

Power to require security and production of evidence

5.—(1) The Commissioners may, as a condition of allowing or repaying any input tax to any person, require the production of such documents relating to the tax as may have been supplied to him and may, if they think it necessary for the protection of the revenue, require as a condition of making any payment under section 14(5) of this Act the giving of such security for the amount of the payment as appears to them appropriate.

(2) Where it appears to the Commissioners requisite to do so for the protection of the revenue they may require a taxable person, as a condition of his supplying goods or services under a taxable supply, to give security, or further security, of such amount and in such manner as they may determine, for the payment of any tax which is or may become due from him.

Recovery of tax, etc.

6.—(1) Tax due from any person shall be recoverable as a debt due to the Crown.

(2) Where an invoice shows a supply of goods or services as taking place with tax chargeable on it, there shall be recoverable from the person who issued the invoice an amount equal to that which is shown on the invoice as tax or, if the tax is not separately shown, to so much of the total amount shown as payable as is to be taken as representing tax on the supply.

(3) Sub-paragraph (2) above applies whether or not—

(a) the invoice is a tax invoice issued in pursuance of paragraph 2(1) above ; or

(b) the supply shown on the invoice actually takes or has taken place, or the amount shown as tax, or any amount of tax, is or was chargeable on the supply ; or

(c) the person issuing the invoice is a taxable person ;

and any sum recoverable from a person under the sub-paragraph shall, if it is in any case tax, be recoverable as such and shall otherwise be recoverable as a debt due to the Crown.

(4) The Commissioners may by regulations make provision—

(a) in respect of England and Wales and Northern Ireland for authorising distress to be levied on the goods and chattels

of any person refusing or neglecting to pay any tax due from him or any amount recoverable as if it were tax due from him and for the disposal of any goods or chattels on which distress is levied in pursuance of the regulations ; and

SCH. 7

- (b) in respect of Scotland for authorising the pointing of the corporeal moveables of any person refusing or neglecting to pay any tax due from him or any amount recoverable as if it were tax due from him and for the disposal of any moveables which are pointed in pursuance of the regulations.

Duty to keep records

7.—(1) Every taxable person shall keep such records as the Commissioners may require.

(2) The Commissioners may require any records kept in pursuance of this paragraph to be preserved for such period not exceeding three years as they may require.

(3) The duty under this paragraph to preserve records may be discharged by the preservation of the information contained therein by such means as the Commissioners may approve ; and where that information is so preserved a copy of any document forming part of the records shall, subject to the following provisions of this paragraph, be admissible in evidence in any proceedings, whether civil or criminal, to the same extent as the records themselves.

(4) The Commissioners may, as a condition of approving under sub-paragraph (3) above any means of preserving information contained in any records, impose such reasonable requirements as appear to them necessary for securing that the information will be as readily available to them as if the records themselves had been preserved.

(5) A statement contained in a document produced by a computer shall not be admissible in evidence by virtue of sub-paragraph (3) above unless the conditions mentioned in subsection (2) of section 5 of the Civil Evidence Act 1968 or in the corresponding Scottish enactment are satisfied in relation to the statement and the computer ; and the other provisions of that section and subsections (1), (2), (3) and (5) of section 6 of that Act (supplementary provisions) and the like provisions of the corresponding Scottish enactment shall, with the necessary modifications, apply in relation to the giving of evidence in pursuance of this paragraph. 1968 c. 64.

(6) Notwithstanding the preceding provisions of this paragraph, in criminal proceedings the court may, for special cause, require oral evidence to be given of any matter of which evidence could ordinarily be given by means of a certificate under section 5(4) of the Civil Evidence Act 1968 or under the corresponding Scottish enactment as applied by sub-paragraph (5) above.

(7) For the purposes of this paragraph—

- (a) section 13 of the Law Reform (Miscellaneous Provisions) 1968 c. 70. (Scotland) Act 1968 is the corresponding Scottish enactment to section 5 of the Civil Evidence Act 1968 and the

- SCH. 7 provisions of the said section 13 (which are identical in number with the provisions of the said section 5) shall apply accordingly ;
- 1968 c. 70. (b) section 14 of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1968 is the corresponding Scottish enactment to subsections (1), (2), (3) and (5) of section 6 of the
- 1968 c. 64. Civil Evidence Act 1968.
- (8) In the application of this paragraph to Northern Ireland, for references to any subsection of section 5 or 6 of the Civil Evidence Act 1968 there shall be substituted references to the same subsection
- 1971 c. 36 (N.I.). of sections 2 or 3 of the Civil Evidence Act (Northern Ireland) 1971.

Furnishing of information and production of documents

8.—(1) The Commissioners may by regulations make provision for requiring taxable persons to notify to the Commissioners such particulars of changes in circumstances relating to those persons or any business carried on by them as appear to the Commissioners required for the purpose of keeping the register kept under this Act up to date.

(2) Every person who is concerned (in whatever capacity) in the supply of goods in the course or furtherance of any business or to whom such a supply is made shall—

(a) furnish to the Commissioners, within such time and in such form as they may require, such information relating to the goods or to the supply as the Commissioners may specify ; and

(b) upon demand made by an authorised person, produce or cause to be produced any documents relating to the goods or to the supply for inspection by the authorised person and permit him to take copies of or to make extracts from them or to remove them at a reasonable time and for a reasonable period.

(3) Every person who is concerned (in whatever capacity) in the taxable supply of any services or to whom such a supply is made shall—

(a) furnish to the Commissioners, within such time and in such form as they may require, such information relating to the consideration for the supply or to the name and address of the person to whom the supply is made as the Commissioners may specify ; and

(b) upon demand made by an authorised person, produce or cause to be produced any documents relating to the consideration for inspection by the authorised person and permit him to take copies of or to make extracts from them or to remove them at a reasonable time and for a reasonable period.

(4) For the purposes of this paragraph, the documents relating to the supply of goods, or to the consideration for the supply of services, in the course or furtherance of any business shall be taken to include any profit and loss account and balance sheet relating to that business.

(5) Where any documents removed under the powers conferred by this paragraph are lost or damaged the Commissioners shall be liable to compensate their owner for any expenses reasonably incurred by him in replacing or repairing the documents.

SCH. 7

Power to take samples

9.—(1) An authorised person, if it appears to him necessary for the protection of the revenue against mistake or fraud, may at any time take, from the goods in the possession of any person who supplies goods, such samples as the authorised person may require with a view to determining how the goods or the materials of which they are made ought to be or to have been treated for the purposes of tax.

(2) Any sample taken under this paragraph shall be disposed of and accounted for in such manner as the Commissioners may direct.

(3) Where a sample is taken under this paragraph from the goods in any person's possession and is not returned to him within a reasonable time and in good condition the Commissioners shall pay him by way of compensation a sum equal to the cost of the sample to him or such larger sum as they may determine.

Entry and search of premises and persons

10.—(1) For the purpose of exercising any powers under this Act an authorised person may at any reasonable time enter premises used in connection with the carrying on of a business.

(2) Where an authorised person has reasonable cause to believe that any premises are used in connection with the supply of goods under taxable supplies and that goods to be so supplied are on those premises, he may at any reasonable time enter and inspect those premises and inspect any goods found on them.

(3) If a justice of the peace or in Scotland a justice (within the meaning of section 462 of the Criminal Procedure (Scotland) Act 1975) ^{1975 c. 21.} is satisfied on information on oath that there is reasonable ground for suspecting that an offence in connection with the tax is being, has been or is about to be committed on any premises or that evidence of the commission of such an offence is to be found there, he may issue a warrant in writing authorising any authorised person to enter those premises, if necessary by force, at any time within 14 days from the time of the issue of the warrant and search them; and any person who enters the premises under the authority of the warrant may—

- (a) take with him such other persons as appear to him to be necessary;
- (b) seize and remove any documents or other things whatsoever found on the premises which he has reasonable cause to believe may be required as evidence for the purposes of proceedings in respect of such an offence; and
- (c) search or cause to be searched any person found on the premises whom he has reasonable cause to believe to have committed or be about to commit such an offence or to be in possession of any such documents or other things;

but no woman or girl shall be searched except by a woman.

SCH. 7

Evidence by certificate, etc.

11.—(1) A certificate of the Commissioners—

- (a) that a person was or was not, at any date, registered under this Act ; or
- (b) that any return required by or under this Act has not been made or had not been made at any date ; or
- (c) that any tax shown as due in any return or assessment made in pursuance of this Act has not been paid ;

shall be sufficient evidence of that fact until the contrary is proved.

(2) A photograph of any document furnished to the Commissioners for the purposes of this Act and certified by them to be such a photograph shall be admissible in any proceedings, whether civil or criminal, to the same extent as the document itself.

(3) Any document purporting to be a certificate under sub-paragraph (1) or (2) above shall be deemed to be such a certificate until the contrary is proved.

Priority of tax in bankruptcy, winding up, etc.

12.—(1) There shall be included among the debts which—

- 1914 c. 59. (a) under section 33 of the Bankruptcy Act 1914 are to be paid in priority to all other debts in the distribution of the property of a bankrupt or person dying insolvent ; or
- 1913 c. 20. (b) under section 118 of the Bankruptcy (Scotland) Act 1913 are to be paid in priority to all other debts in the division of a bankrupt's estate ; or
- 1948 c. 38. (c) under section 319 of the Companies Act 1948 are to be paid in priority to all other debts in the winding up of a company, or under section 94 of the Act of 1948 are on an appointment of a receiver on behalf of debenture holders or taking of possession by or on behalf of debenture holders to be paid in priority to any claim for principal or interest in respect of the debentures ;

the amount of any tax due at the relevant date from the bankrupt, debtor, person dying or company and having become due within the 12 months next before that date.

(2) In this paragraph “ the relevant date ”—

- (a) in relation to section 33 of the Act of 1914, means the date of the receiving order or of the death, as the case may be ;
- (b) in relation to section 118 of the Act of 1913, means the date mentioned in subsection (4) of that section ;
- (c) in relation to section 319 of the Act of 1948, has the meaning assigned to it by that section, and in relation to section 94 of the Act of 1948, means the date of the appointment of the receiver or taking of possession.

(3) For the purposes of sub-paragraph (1) above, the tax having become due within the 12 months mentioned in that sub-paragraph in respect of any prescribed accounting period falling partly within and partly outside those 12 months shall be taken to be such part of the

tax due for the whole of that accounting period as is proportionate to that part of that period falling within those 12 months.

SCH. 7

(4) In this paragraph the reference to tax due at the relevant date is a reference to tax which is then unpaid (whether payable before or after that date); and references to tax which has become due within the 12 months next before that date are references to tax (whether payable before or after that date) which is attributable to any prescribed accounting period falling—

(a) wholly within those 12 months; or

(b) subject to apportionment in accordance with sub-paragraph

(3) above, partly within and partly outside those 12 months, including such tax assessed (whether before or after that date) under paragraph 4 above.

SCHEDULE 8

Section 40.

CONSTITUTION AND PROCEDURE OF VALUE ADDED TAX TRIBUNALS

Establishment of value added tax tribunals

1. There shall continue to be value added tax tribunals for England and Wales, Scotland and Northern Ireland respectively.

The President

2.—(1) There shall continue to be a President of Value Added Tax Tribunals, who shall perform the functions conferred on him by the following provisions of this Schedule in relation to value added tax tribunals in any part of the United Kingdom.

(2) The President shall be appointed by the Lord Chancellor and shall be a barrister, advocate or solicitor of not less than ten years' standing.

3.—(1) The President may resign his office at any time and shall vacate his office at the end of the completed year of service in which he attains the age of seventy-two.

(2) The Lord Chancellor may, if he thinks fit, remove the President from office on the ground of incapacity or misbehaviour.

(3) The functions of the President may, if he is for any reason unable to act or his office is vacant, be discharged by a person nominated for the purpose by the Lord Chancellor.

(4) There shall be paid to the President such salary or fees and there may be paid to or in respect of a former President such pension, allowance or gratuity as the Treasury may determine.

(5) If a person ceases to be President of Value Added Tax Tribunals and it appears to the Treasury that there are special circumstances which make it right that he should receive compensation, there may be paid to that person a sum of such amount as the Treasury may determine.

Sittings of tribunals

4. Such number of value added tax tribunals shall be established as the President may from time to time with the consent of the Treasury determine, and they shall sit at such times and at such places as he may from time to time determine.

SCH. 8

Composition of tribunals

5.—(1) A value added tax tribunal shall consist of a chairman sitting either with two other members or with one other member or alone.

(2) If the tribunal does not consist of the chairman sitting alone its decisions may be taken by a majority of votes and the chairman, if sitting with one other member, shall have a casting vote.

Membership of tribunals

6. For each sitting of a value added tax tribunal the chairman shall be either the President or, if so authorised by the President, a member of the appropriate panel of chairmen constituted in accordance with paragraph 7 of this Schedule ; and any other member of the tribunal shall be a person selected from the appropriate panel of other members so constituted, the selection being made either by the President or by a member of the panel of chairmen, authorised by the President to make it.

7.—(1) There shall be a panel of chairmen and a panel of other members of value added tax tribunals for England and Wales, Scotland and Northern Ireland respectively.

(2) One member of each panel of chairmen shall be known as Vice-President of Value Added Tax Tribunals.

(3) Appointments to a panel of chairmen shall be made—

- (a) for England and Wales, by the Lord Chancellor ;
- (b) for Scotland, by the Lord President of the Court of Session ;
and
- (c) for Northern Ireland, by the Lord Chief Justice of Northern Ireland ;

and appointments to a panel of other members shall be made by the Treasury.

(4) There shall be paid to a chairman of value added tax tribunals such salary or fees, and to other members such fees, as the Treasury may determine ; and there may be paid to or in respect of a former chairman of value added tax tribunals such pension, allowance or gratuity as the Treasury may determine.

(5) If a person ceases to be a chairman of value added tax tribunals and it appears to the Treasury that there are special circumstances which make it right that he should receive compensation, there may be paid to that person a sum of such amount as the Treasury may determine.

Exemption from jury service

8. No member of a value added tax tribunal shall be compelled to serve on any jury in Scotland or Northern Ireland.

Rules of procedure

9. The Commissioners may make rules with respect to the procedure to be followed on appeals to value added tax tribunals and such rules may include provisions—

- (a) for limiting the time within which appeals may be brought ;

- (b) for enabling hearings to be held in private in such circumstances as may be determined by or under the rules ; SCH. 8
- (c) for parties to proceedings to be represented by such persons as may be determined by or under the rules ;
- (d) for requiring persons to attend to give evidence and produce documents ;
- (e) for the payment of expenses and allowances to persons attending as witnesses ;
- (f) for the award and recovery of costs ; and
- (g) for authorising the administration of oaths to witnesses.

SCHEDULE 9

Section 50.

CONSEQUENTIAL AMENDMENTS

1. In section 1(1) of the Provisional Collection of Taxes Act 1968 after the words "income tax" there shall be inserted the words "value added tax". 1968 c. 2.
2. In section 6(1) of the Vehicles (Excise) Act 1971 for the words "section 4 of the Finance Act 1972", "subsection (7) of section 12" and "subsection (8)" there shall be substituted respectively the words "section 2(2) of the Value Added Tax Act 1983", "subsection (7) of section 16" and "subsection (9)". 1971 c. 10. 1972 c. 41.
3. In the Isle of Man Act 1979— 1979 c. 58.
- (a) in section 1(1)(d) for the words "section 21 of the Finance (No. 2) Act 1975" there shall be substituted the words "section 13 of the Value Added Tax Act 1983"; 1975 c. 45.
- (b) in section 6—
- (i) in subsection (1) for the words "the Finance Act 1972" and "the Act of 1972" there shall be substituted respectively the words "the Value Added Tax Act 1983" and "the Act of 1983";
- (ii) in subsection (2) for the words "the Act of 1972" wherever they occur and the words "section 21" there shall be substituted respectively the words "the Act of 1983" and "section 29";
- (iii) in subsection (4) for the words "the Act of 1972" wherever they occur and the words "section 12(8)", "section 37(3) of" and "section 38(3)" there shall be substituted respectively the words "the Act of 1983", "section 16(9)", "paragraph 10(3) of Schedule 7 to" and "section 39(3)".

SCHEDULE 10

Section 50.

SAVINGS AND TRANSITIONAL PROVISIONS

1. Where any period of time specified in an enactment repealed by this Act is current at the commencement of this Act, this Act shall have effect as if the corresponding provision of this Act had been in force when that period began to run.

SCH. 10

2. Any provision of this Act relating to anything done or required or authorised to be done under or by reference to that provision or any other provision of this Act shall have effect as if any reference to that provision or that other provision, as the case may be, included a reference to the corresponding provision of the enactments repealed by this Act.

3. Where an offence for the continuation of which a penalty was provided has been committed under an enactment repealed by this Act, proceedings may be taken under this Act in respect of the continuance of the offence after the commencement of this Act in the same manner as if the offence had been committed under the corresponding provision of this Act.

4.—(1) Tax shall not be charged on any supply or importation taking place before 1st April 1973.

1979 c. 2. (2) Notwithstanding anything in section 4 or 5 of this Act or in section 5 of the Customs and Excise Management Act 1979 as applied by section 24 of this Act, goods of which entry is made under section 37 of the Customs and Excise Management Act 1979 shall be treated for the purposes of this paragraph as imported on the date on which entry is so made, except that if the entry is for warehousing the goods shall be treated for the purposes of this paragraph as imported on the date on which they are removed from warehouse.

1973 c. 51. 5. Notwithstanding the repeal by this Act of sections 5 and 6 of the Finance Act 1973, the amendments made by those sections shall continue to be deemed always to have had effect.

1963 c. 9. 6. Where a vehicle in respect of which purchase tax was remitted under section 23 of the Purchase Tax Act 1963 (vehicles acquired for use outside the United Kingdom) is brought back to the United Kingdom the vehicle shall not, when brought back, be treated as imported for the purpose of value added tax chargeable on the importation of goods.

1972 c. 70.
1973 c. 65.
1972 c. 41. 7. Sections 252 and 254 of the Local Government Act 1972 and section 215 of the Local Government (Scotland) Act 1973 shall apply in relation to section 20(6) of this Act as they applied to section 15(6) of the Finance Act 1972.

1974 c. 30. 8. The repeal by this Act of section 6(4) of the Finance Act 1974 shall not affect any appointment to a panel of chairmen made by the Treasury before the passing of that Act.

9. Where there were in force immediately before 21st April 1975 arrangements between the Commissioners and any taxable person for supplies made by him (or such supplies made by him as were specified in the arrangements) to be treated as taking place at times or on dates which, had section 5(5) of this Act been in force when the arrangements were made, could have been provided for by a direction under that section, he shall be treated for the purposes of that section as having requested the Commissioners to give a direction thereunder to the like effect, and the Commissioners may

give a direction (or a general direction applying to cases of any class or description specified in the direction) accordingly. SCH. 10

10. Section 26 of this Act applies where goods are imported on or after 1st August 1977.

11. Section 17(2)(a) of the Interpretation Act 1978 shall apply in relation to any order or regulations modified by paragraph 28 of Schedule 6 to the Finance Act 1977 as if that paragraph were not repealed by this Act; and accordingly where by virtue of that paragraph there is a reference in any such order or regulations to sections 3 and 4 of, section 3(9) of, section 6(3) of, or paragraph 6 of Schedule 2 to the Finance Act 1972 there shall be substituted respectively a reference to sections 14 and 15 of, section 14(10) of, section 3(3) of, or paragraph 6 of Schedule 2 to this Act. 1978 c. 30. 1977 c. 36. 1972 c. 41.

12. Anything begun before 1st January 1978 under any provision of Part I of the Finance Act 1972 which by virtue of paragraph 30 of Schedule 6 to the Finance Act 1977 could be continued under that Part of the said Act of 1972 as amended by the said Act of 1977 may be continued under this Act.

13. Any reference in this Act to things done, suffered or occurring in the past which corresponds to such a reference in Part I of the Finance Act 1972 which by virtue of paragraph 31 of Schedule 6 to the Finance Act 1977 was construed as including a reference to things done, suffered or occurring before 1st January 1978 shall continue to be so construed.

14. Any Treasury order or Commissioners' regulations made before 1st January 1978 and by virtue of paragraph 32 of Schedule 6 to the Finance Act 1977 having effect at the commencement of this Act as if made under a provision repealed by this Act shall continue in force and have effect as if made under the corresponding provision of this Act, subject however to the exercise of any power in Part I of the Finance Act 1972 to vary or revoke the order or regulations and to any such power implied in this Act.

15. References in any documents to provisions of Part I of the Finance Act 1972 as in force before 1st January 1978 and by virtue of paragraph 33 of Schedule 6 to the Finance Act 1977 construed after that date as references to provisions repealed by this Act shall be construed as references to the corresponding provisions of this Act.

16. Section 22 of this Act does not apply where the person liable to pay the outstanding amount of the consideration became insolvent on or before 1st October 1978.

17. Sub-paragraphs (2) and (3) of paragraph 4 of Schedule 7 to this Act shall not have effect in relation to any amounts repaid or paid to any person before the passing of the Finance Act 1982. 1982 c. 39.

18. Nothing in paragraph 3 of Schedule 9 to this Act shall affect the validity of any Order made under section 6 of the Isle of Man Act 1979 and, without prejudice to section 17 of the Interpretation Act 1978, for any reference in any such Order to any enactment repealed by this Act there shall be substituted a reference to the corresponding provision of this Act. 1979 c. 58.

Section 50(2).

SCHEDULE 11

REPEALS

Chapter	Short title	Extent of repeal
1972 c. 41.	The Finance Act 1972.	Sections 1 to 51. Schedules 1 to 6.
1973 c. 51.	The Finance Act 1973.	Sections 4 to 8. Section 55. Section 59(3)(b).
1974 c. 30.	The Finance Act 1974.	Section 6. In section 57(3)(a) the words "except so far as it relates to value added tax" and the words from "and" onwards.
1975 c. 7.	The Finance Act 1975.	Section 3. Section 59(3)(a).
1975 c. 45.	The Finance (No. 2) Act 1975.	Sections 18 to 21. Section 75(3)(b).
1976 c. 40.	The Finance Act 1976.	Section 19. Sections 21 to 23. Section 132(3)(b).
1977 c. 36.	The Finance Act 1977.	Section 14. Section 16. Section 59(3)(b).
1978 c. 42.	The Finance Act 1978.	Schedule 6. Section 11(3) and (4). Section 12. Section 80(3)(b).
1979 c. 2.	The Customs and Excise Management Act 1979.	In Schedule 12, paragraph 21. In Schedule 4, paragraphs 9 to 11 and in the Table in paragraph 12 the entries relating to Part I of and Schedule 4 to the Finance Act 1972. In Schedule 7, paragraph 2 so far as it relates to value added tax.
1979 c. 3.	The Customs and Excise (General Reliefs) Act 1979.	In Schedule 2, paragraph 2.
1979 c. 5.	The Hydrocarbon Oil Duties Act 1979.	In Schedule 6, paragraphs 3, 4, 5 and 7.
1979 c. 6.	The Matches and Mechanical Lighters Duties Act 1979.	Section 9(2), (3) and (4).
1979 c. 47.	The Finance (No. 2) Act 1979.	Section 1.
1979 c. 58.	The Isle of Man Act 1979.	In Schedule 1, paragraph 1.
1980 c. 48.	The Finance Act 1980.	Sections 11 to 16.
1981 c. 35.	The Finance Act 1981.	Sections 12 to 15.
1982 c. 39.	The Finance Act 1982.	Sections 13 to 17.
1982 c. 48.	The Criminal Justice Act 1982.	In Schedule 14, paragraph 3 so far as it relates to value added tax.

SCH. 11

Chapter	Short title	Extent of repeal
1983 c. 28.	The Finance Act 1983.	In section 47 the words "the law relating to value added tax". In Schedule 9, paragraph 1 so far as it relates to value added tax and paragraph 2.

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