
STATUTORY INSTRUMENTS

2020 No. 209

VALUE ADDED TAX

The Value Added Tax (Finance) Order 2020

<i>Made</i>	- - - -	<i>3rd March 2020</i>
<i>Laid before the House of Commons</i>	- - - -	<i>4th March 2020</i>
<i>Coming into force</i>	- -	<i>1st April 2020</i>

The Treasury make the following Order in exercise of the powers conferred by sections 31(2) and 96(9) of the Value Added Tax Act 1994(1).

Citation and commencement

1. This Order may be cited as the Value Added Tax (Finance) Order 2020 and comes into force on 1st April 2020.

Amendment of Group 5 of Schedule 9 to the Value Added Tax Act 1994

2. Group 5(2) of Schedule 9 to the Value Added Tax Act 1994 (exemptions: finance) is amended as follows.

3. In Item 9 insert after paragraph (j)—

“; or

(k) a qualifying pension fund.”

4. In Note (6)—

(a) in the definition of “closed-ended collective investment undertaking”, in paragraph (a) omit “, wholly or mainly in securities”;

(b) in the appropriate place insert both—

““pension member” means, in relation to a qualifying pension fund, a person to or in respect of whom retirement benefits are to be paid from the fund;”;

(1) 1994 c. 23.

(2) Item 9 and Note (6) were substituted by [S.I. 2008/2547](#) and have been amended by [S.I. 2013/1402](#) and [2013/1773](#); Note (6) was amended by paragraph 81 of Schedule 18 to the Financial Services Act 2012 (c. 21) by virtue of [S.I. 2013/423](#) and Note (6A) was inserted by [S.I. 2008/2547](#). Amendments were to be made to Group 5 of Schedule 9 to the Value Added Tax Act 1994 (‘Group 5’) by [S.I. 2019/43](#) but that S.I. was revoked by [S.I. 2019/1014](#). Paragraph 95(2) of Schedule 8 to the Taxation (Cross-border Trade) Act 2018 (c. 22) makes amendments to Group 5 but these amendments have not yet been commenced.

““qualifying pension fund” means a pension fund in relation to which all of the following conditions are satisfied—

- (a) it is solely funded, whether directly or indirectly, by pension members;
- (b) the pension members bear the investment risk;
- (c) the fund contains the pooled contributions of more than one pension member;
- (d) the risk borne by the pension members is spread over a range of investments; and
- (e) the fund is established in the United Kingdom or in a member State;”.

5. After Note (6A) insert—

“(6B) For the purposes of Note (6), a pension fund is funded indirectly where contributions are made by a third party on behalf of a pension member.”.

3rd March 2020

Iain Stewart
Rebecca Harris
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends Group 5 of Schedule 9 to the Value Added Tax Act 1994 (exemptions: finance) to (i) extend exemption to the management of what are termed ‘qualifying pension funds’ and (ii) remove the restriction on the type of assets that a close-ended collective investment undertaking can invest in in order for its management to qualify for exemption.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.