



# Finance Act 1991

## 1991 CHAPTER 31

### PART I

#### CUSTOMS AND EXCISE, VALUE ADDED TAX AND CAR TAX

#### CHAPTER I

#### CUSTOMS AND EXCISE

##### *Rates of duty*

#### **1 Spirits, beer, wine, made-wine and cider.**

- (1) In section 5 of the <sup>M1</sup>Alcoholic Liquor Duties Act 1979 (spirits) for “£17.35” there shall be substituted “ £18.96 ”.
- (2) In section 36 of that Act (beer) for “£0.97” there shall be substituted “ £1.06 ”.
- (3) For the Table of rates of duty in Schedule 1 to that Act (wine and made-wine) there shall be substituted the Table in Schedule 1 to this Act.
- (4) In section 62(1) of that Act (cider) for “£18.66” there shall be substituted “ £20.40 ”.
- (5) This section shall be deemed to have come into force at 6 o’clock in the evening of 19th March 1991.

#### **Commencement Information**

**II** [S. 1](#) in force at 6 p.m. 19.03.1991: see [s. 1\(5\)](#).

#### **Marginal Citations**

**M1** [1979 c. 4](#).

*Status: Point in time view as at 19/03/1991. This version of this part contains provisions that are not valid for this point in time.*

*Changes to legislation: There are currently no known outstanding effects  
 for the Finance Act 1991, Part I. (See end of Document for details)*

## 2 Tobacco products.

- (1) For the Table in Schedule 1 to the <sup>M2</sup>Tobacco Products Duty Act 1979 there shall be substituted—

“ TABLE

1. Cigarettes	An amount equal to 21 per cent. of the retail price plus £40.15 per thousand cigarettes.
2. Cigars	£61.72 per kilogram.
3. Hand-rolling tobacco	£65.12 per kilogram.
4. Other smoking tobacco and chewing tobacco	£28.69 per kilogram.”

- (2) This section shall be deemed to have come into force at 6 o'clock in the evening of 19th March 1991.

### Commencement Information

**I2** S. 2 in force at 6 p.m. 19.03.1991: see s. 2(2).

### Marginal Citations

**M2** 1979 c. 7.

## 3 Hydrocarbon oil.

- (1) In section 6(1) of the <sup>M3</sup>Hydrocarbon Oil Duties Act 1979, for “£0.2248” (duty on light oil) and “£0.1902” (duty on heavy oil) there shall be substituted “ £0.2585 ” and “ £0.2187 ” respectively.
- (2) In section 11(1) of that Act, for “£0.0083” (rebate on fuel oil) and “£0.0118” (rebate on gas oil) there shall be substituted “ £0.0091 ” and “ £0.0129 ” respectively.
- (3) In section 13A(1) of that Act (rebate on unleaded petrol) for “£0.0299” there shall be substituted “ £0.0344 ”.
- (4) In section 14(1) of that Act (rebate on light oil for use as furnace fuel) for “£0.0083” there shall be substituted “ £0.0091 ”.
- (5) This section shall be deemed to have come into force at 6 o'clock in the evening of 19th March 1991.

### Commencement Information

**I3** S. 3 in force at 6 p.m. 19.03.1991: see s. 3(5).

### Marginal Citations

**M3** 1979 c. 5.

**Status:** Point in time view as at 19/03/1991. This version of this part contains provisions that are not valid for this point in time.

**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 1991, Part I. (See end of Document for details)

VALID FROM 25/07/1991

#### 4 Vehicles excise duty.

- (1) The <sup>M4</sup>Vehicles (Excise) Act 1971 shall be amended as follows.
- (2) In Schedule 1 (annual rate of duty on certain vehicles not exceeding 450 kilograms unladen weight) in Part I, in paragraph 3 (interpretation) there shall be inserted at the end—  

“ “weight unladen shall be construed in accordance with section 190(2) of the Road Traffic Act 1988.”
- (3) In Schedule 1, for the Table set out in Part II there shall be substituted—

“Description of vehicle	Rate of duty £
1. Bicycles of which the cylinder capacity of the engine does not exceed 150 cubic centimetres	15.00
2. Bicycles of which the cylinder capacity of the engine exceeds 150 cubic centimetres but does not exceed 250 cubic centimetres	30.00
3. Bicycles not included above	50.00
4. Tricycles	50.00”

- (4) In Schedule 3 (annual rates of duty on tractors etc.) in the Table set out in Part II—
  - (a) in the entry relating to special machines, for “16.00 there shall be substituted “ 30.00 ”; and
  - (b) in the entry relating to recovery vehicles, for “50.00 there shall be substituted “ 75.00 ”.
- (5) Subsections (1) to (4) above shall apply in relation to licences taken out after 19th March 1991.
- (6) This section shall apply in relation to the <sup>M5</sup>Vehicles (Excise) Act (Northern Ireland) 1972 as it applies in relation to the <sup>M6</sup>Vehicles (Excise) Act 1971, but with the substitution for “section 190(2) of the <sup>M7</sup>Road Traffic Act 1988, in subsection (2), of “Article 2(3) of the Road Traffic (Northern Ireland) Order 1981 ”.

#### Marginal Citations

- M4** 1971 c. 10.  
**M5** 1972 c. 10 (N.I.).  
**M6** 1971 c. 10.  
**M7** 1988 c. 52.

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VALID FROM 25/07/1991

## 5 Pool betting duty.

- (1) In section 7(1) of the <sup>M8</sup>Betting and Gaming Duties Act 1981 (which specifies 40 per cent. as the rate of pool betting duty) for “40 per cent.” there shall be substituted “37.50 per cent.”
- (2) This section shall apply in relation to bets made at any time by reference to an event taking place on or after 17th August 1991.

### Marginal Citations

**M8** 1981 c. 63.

VALID FROM 25/07/1991

## 6 Gaming licence duty.

- (1) The Betting and Gaming Duties Act 1981 shall be amended as follows.
- (2) In section 14 (rate of gaming licence duty) in subsection (1)—
  - (a) in paragraph (a), for “£250 there shall be substituted “£10 ”; and
  - (b) in paragraph (b), the words “payable after the end of that period and shall be omitted.
- (3) For the Table set out in section 14(1) there shall be substituted—

“ TABLE

<i>Part of gross gaming yield</i>	<i>Rate</i>
The first £450,000	2½ per cent.
The next £2,250,000	12½ per cent.
The next £2,700,000	25 per cent.
The remainder	33⅓ per cent.”

- (4) In section 15 (gaming without duly paid licence) there shall be inserted at the end—
 

“(4) In subsection (1)(b) above the reference to amounts of gaming licence duty includes amounts payable in anticipation of gaming licence duty by virtue of regulations under paragraph 3(3)(d) of Schedule 2 to this Act.”
- (5) In paragraph 3 of Schedule 2 (Commissioners’ regulation-making powers in connection with gaming licence duty) at the end of sub-paragraph (3) there shall be inserted—
 

“(d) requiring, in relation to gaming licence duty chargeable by reference to the gross gaming yield from any premises in any period, that, at such time before the end of the period and in such manner as may

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be specified in the regulations, an amount be paid in anticipation of the duty chargeable, being an amount calculated in such manner as may be so specified.”

- (6) In paragraph 5 of that Schedule (power to estimate)—
- (a) in sub-paragraph (1), for the words from “on account to “gaming yield there shall be substituted “under section 14(1)(b) above or by virtue of regulations under paragraph 3(3)(d) above ” and the words “of the duty shall be omitted; and
  - (b) in sub-paragraph (2), the word “duty shall be omitted.
- (7) In paragraph 6 of that Schedule (persons from whom duty recoverable) in sub-paragraph (1), after “period there shall be inserted “and any amount payable in anticipation of that duty by virtue of regulations under paragraph 3(3)(d) above ” and “(3)(c) shall be omitted.
- (8) In paragraph 7 of that Schedule (enforcement) there shall be inserted at the end—
- “(5) In sub-paragraphs (1)(b) and (3)(a) above references to the duty on gaming licences include amounts payable in anticipation of gaming licence duty by virtue of regulations under paragraph 3(3)(d) above.
  - (6) In ascertaining for the purposes of sub-paragraph (1) or (3) above the amount of the duty which is unpaid or payment of which is sought to be avoided, an amount payable in anticipation of gaming licence duty by virtue of regulations under paragraph 3(3)(d) above shall be treated as an amount of duty.”
- (9) Subsections (2)(a) and (3) above shall have effect in relation to gaming licences for any period beginning after 30th September 1991.

VALID FROM 20/03/1991

*Duties of excise: other provisions*

VALID FROM 01/05/1993

**7 Beer duty.**

- (1) For section 36 of the <sup>M9</sup>Alcoholic Liquor Duties Act 1979 (charge on beer imported into, or brewed in, the United Kingdom of an excise duty at a rate per hectolitre for every degree by which the original gravity of the beer exceeds 1000 degrees) there shall be substituted—

**“36 Beer: charge of excise duty.**

- (1) There shall be charged on beer—
- (a) imported into the United Kingdom, or
  - (b) produced in the United Kingdom,

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a duty of excise at the rate of £10.60 per hectolitre per cent. of alcohol in the beer.

(2) Subject to the provisions of this Act—

- (a) the duty on beer produced in, or imported into, the United Kingdom shall be charged and paid, and
- (b) the amount chargeable in respect of any such duty shall be determined and become due,

in accordance with regulations under section 49 below.”

(2) After section 41 of that Act (which specifies certain reliefs from duty) there shall be inserted—

**“41A Suspension of duty: registration of persons and premises.**

(1) A person registered by the Commissioners under this section may hold, on premises so registered in relation to him, any beer of a prescribed class or description—

- (a) which has been produced in, or imported into, the United Kingdom, and
- (b) which is chargeable as such with excise duty,

without payment of that duty.

(2) A person entitled under subsection (1) above to hold beer on premises without payment of duty may also without payment of duty carry out on those premises such operations as may be prescribed on, or in relation to, such of the beer as may be prescribed.

(3) No person shall be registered under this section unless—

- (a) he is a registered brewer or a packager of beer; and
- (b) he appears to the Commissioners to satisfy such requirements for registration as they may think fit to impose.

(4) No premises shall be registered under this section unless—

- (a) they are used for the production or packaging of beer, or
- (b) they are adjacent to, and occupied by the same person as, premises falling within paragraph (a) above which are registered under this section,

and they appear to the Commissioners to satisfy such requirements for registration as the Commissioners may think fit to impose.

(5) The Commissioners may register a person or premises under this section for such periods and subject to such conditions as they think fit.

(6) The Commissioners may at any time for reasonable cause—

- (a) revoke or vary the terms of their registration of any person or premises under this section; or
- (b) restrict the premises which are so registered.

(7) As respects beer chargeable with a duty of excise that has not been paid, regulations under section 49 below may, without prejudice to the generality of that section, make provision—

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- (a) regulating the holding or packaging of, or the carrying out of other operations on or in relation to, any such beer on registered premises without payment of the duty;
  - (b) for securing and collecting the duty on any such beer held on registered premises;
  - (c) permitting the removal of any such beer from registered premises without payment of duty in such circumstances and subject to such conditions as may be prescribed;
  - (d) for such persons as may be prescribed to be liable to pay the duty on any such beer held on, or removed without payment of duty from, registered premises, and for the circumstances in which, and the time at which, they are liable to do so.
- (8) If any person contravenes or fails to comply with any condition of registration under this section he shall be liable on summary conviction to a penalty not exceeding level 5 on the standard scale; and any beer in respect of which the offence was committed shall be liable to forfeiture.
- (9) In this section—
  - “prescribed means specified in, or determined in accordance with, regulations made by the Commissioners under section 49 below;
  - “registered premises means premises registered under this section.”
- (3) For sections 47 and 48 of that Act (licences to brew beer and to use premises for adding solutions to beer) there shall be substituted—

**“47 Registration of producers of beer.**

- (1) A person who produces beer on any premises in the United Kingdom must be registered with the Commissioners under this section in respect of those premises; and in this Act “registered brewer means a person registered under this section in respect of any premises.
- (2) A person who produces beer on any premises shall not be required to be registered under this section in respect of those premises if the beer is produced solely for his own domestic use or solely for the purposes of research or experiments in the production of beer.
- (3) An application for the registration under this section of any person required to be so registered in respect of any premises—
  - (a) shall be made at least fourteen days before the day on which he begins production of beer on those premises; and
  - (b) shall be in such form and manner as the Commissioners may by or under regulations prescribe.
- (4) If any person fails to apply for registration under this section in circumstances where he is required by subsection (3)(a) above to do so, he shall be liable on summary conviction to a penalty not exceeding level 4 on the standard scale; and any beer or worts produced in contravention of that provision shall be liable to forfeiture.

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- (5) If any person produces beer on any premises in circumstances in which he is required to be, but is not, registered under this section in respect of those premises, he shall be liable on summary conviction to a penalty not exceeding level 5 on the standard scale; and any beer or worts in respect of which the offence was committed shall be liable to forfeiture.”
- (4) The enactments and instruments mentioned in Schedule 2 to this Act shall have effect with the amendments specified in that Schedule.
- (5) This section shall come into force on such day as the Commissioners may by order made by statutory instrument appoint, and different days may be so appointed for different provisions or for different purposes.
- (6) An order under subsection (5) above may contain such saving or transitional provision as the Commissioners think fit; and, without prejudice to the generality of the foregoing, any such order may include provision—
- (a) for treating beer—
    - (i) produced, or in the process of being produced, before the relevant day, and
    - (ii) held on, or in the process of being transported between, registered premises on that day,
 as beer produced on or after that day and chargeable accordingly, and
  - (b) for the remission or repayment of any duty charged or paid in respect thereof under provisions replaced by this section and Schedule 2 to this Act.
- (7) In this section—
- “the Commissioners means the Commissioners of Customs and Excise;  
 “registered premises means—
- (a) premises which, on the relevant day, are registered under section 41A of the <sup>M10</sup>Alcoholic Liquor Duties Act 1979, or
  - (b) premises in respect of which, on that day, a person is registered under section 47 of that Act;
- “the relevant day means the day appointed for the coming into force of subsection (1) of the section 36 substituted by subsection (1) above.

#### Subordinate Legislation Made

- P1** S. 7(5) power fully exercised (26.4.1993): 1.5.1993 appointed day for s. 7(2)(3)(5) and 1.6.1993 appointed day for s. 7(1)(4)(6)(7) by S.I. 1993/1152.

#### Modifications etc. (not altering text)

- C1** S. 7(2)(3)(5) excluded (26.4.1993) by S.I. 1993/1152, art. 4(1).

#### Commencement Information

- I4** S. 7 wholly in force; s. 7 not in force at Royal Assent see s. 7(5); s. 7(2)(3)(5) in force at 1.5.1993 and s. 7(1)(4)(6)(7) in force at 1.6.1993 by S.I. 1993/1152, art. 3, Sch. 1.

#### Marginal Citations

- M9** 1979 c. 4.  
**M10** 1979 c. 4.



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## 8 Vehicles excise duty: exemptions.

- (1) The <sup>M11</sup>Vehicles (Excise) Act 1971 shall be amended as follows.
- (2) In section 4(1) (exemptions) after paragraph (ca) there shall be inserted—
  - “(cb) vehicles used solely as mine rescue vehicles or for the purpose of conveying or drawing emergency winding-gear at mines;”.
- (3) In section 4(1)(ka) (pedestrian controlled vehicles) the words “(other than mowing machines) shall be omitted.
- (4) In section 4(2), the following definition shall be inserted before the definition of “ambulance—
  - “ “fire engine means a vehicle—
    - (a) constructed or adapted for use for the purpose of fire fighting, salvage or both, and
    - (b) used solely for the purposes of a fire brigade (whether or not one maintained under the Fire Services Act 1947);”.
- (5) In section 4(2), after the definition of “veterinary ambulance there shall be inserted—
  - “ “weight unladen shall be construed in accordance with section 190(2) of the Road Traffic Act 1988.”
- (6) Section 7(4) (power to exempt civil defence vehicles) shall cease to have effect.
- (7) Subsections (3) and (5) above shall be deemed to have come into force on 20th March 1991.
- (8) Subsection (4) above shall be deemed to have come into force on 1st June 1991.
- (9) Subsection (6) above shall come into force on 1st October 1991.
- (10) This section shall apply in relation to the <sup>M12</sup>Vehicles (Excise) Act (Northern Ireland) 1972 as it applies in relation to the <sup>M13</sup>Vehicles (Excise) Act 1971, but with the following modifications—
  - (a) in subsection (4), for “the <sup>M14</sup>Fire Services Act 1947 there shall be substituted “the Fire Services (Northern Ireland) Order 1984 ”, and
  - (b) in subsection (5), for “section 190(2) of the <sup>M15</sup>Road Traffic Act 1988 there shall be substituted “Article 2(3) of the Road Traffic (Northern Ireland) Order 1981 ”.

### Commencement Information

**I5** S. 8 partly in force at 20.3.1991 and wholly in force at 1.10.1991, see s. 8(7)(8)(9)

### Marginal Citations

**M11** 1971 c. 10.  
**M12** 1972 c. 10 (N.I.).  
**M13** 1971 c. 10.  
**M14** 1947 c. 41.  
**M15** 1988 c. 52.

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## **9 Vehicles excise duty: combined transport.**

(1) The Vehicles (Excise) Act 1971 ( “the 1971 Act) and the Vehicles (Excise) Act (Northern Ireland) 1972 ( “the 1972 Act) shall be amended as follows.

(2) After section 18A of the 1971 Act there shall be inserted—

### *“ Rebate of duty*

#### **18B Combined transport of goods.**

(1) This section applies to any goods vehicle which—

- (a) has a plated gross weight or a plated train weight which exceeds 3,500 kilograms, or
- (b) has neither a plated gross weight nor a plated train weight, but has a design weight which exceeds 3,500 kilograms.

(2) Where in the course of the transport of goods between member States by means of combined transport a goods vehicle to which this section applies is transported by rail in Great Britain at a time when a vehicle licence for it is in force, the holder of the licence shall, on making a claim, be entitled to receive from the Secretary of State, by way of rebate of the duty paid upon the licence, a sum of an amount calculated in accordance with the method prescribed for the purpose by the Secretary of State.

(3) The Secretary of State may by regulations prescribe when and how a claim for a rebate under this section is to be made and the evidence to be provided in support of such a claim.

(4) For the purposes of this section—

- (a) goods are transported by means of combined transport where they are loaded on a goods vehicle which is transported by rail between the following points, namely the nearest suitable rail loading station to the point of loading and the nearest suitable rail unloading station to the point of unloading;
- (b) “design weight and “goods vehicle have the same meanings as in Schedule 4 to this Act; and
- (c) references to the plated gross weight or plated train weight of a goods vehicle shall be construed in accordance with paragraph 9 of that Schedule.”

(3) Subsection (2) above shall apply in relation to the 1972 Act as it applies in relation to the 1971 Act, but with the following modifications—

- (a) for the words “Great Britain there shall be substituted the words “Northern Ireland ”,
- (b) for the words “plated gross weight, in each place where they occur, there shall be substituted the words “relevant maximum weight ”, and
- (c) for the words “plated train weight, in each place where they occur, there shall be substituted the words “relevant maximum train weight ”.

(4) In section 26(2)(a) of the 1971 Act (penalty for making false declarations) for the word “or, in the first place where it occurs, there shall be substituted “, a claim for a rebate under section 18B of this Act or an application ”.

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- (5) In section 37(4) of the 1971 Act and section 34(4) of the 1972 Act (additional regulation-making powers in relation to documents required by regulations under certain provisions) after “17(1), there shall be inserted “18B(3), ”.
- (6) This section shall come into force on such day as the Secretary of State may by order made by statutory instrument appoint.

## **10 Extension of Vehicles (Excise) Act 1971 to Northern Ireland.**

- (1) The <sup>M16</sup>Vehicles (Excise) Act 1971 ( “the 1971 Act), and any other Act to the extent that it amends or extends the 1971 Act, shall extend to Northern Ireland.
- (2) In consequence of subsection (1) above—
  - (a) the 1971 Act shall have effect subject to Part I of Schedule 3 to this Act, and
  - (b) section 11 of the <sup>M17</sup>Finance Act 1976 (which extends the power to make regulations under the 1971 Act to require information about goods vehicles, etc.) shall have effect subject to Part II of that Schedule.
- (3) This section shall come into force on such day as the Secretary of State may by order made by statutory instrument appoint.
- (4) An order under subsection (3) above may contain such supplementary, incidental, consequential, saving or transitional provision as the Secretary of State thinks fit.

### **Marginal Citations**

**M16** 1971 c. 10.

**M17** 1976 c. 40.

VALID FROM 25/07/1991

## *Management*

## **11 Revenue traders and registered excise dealers and shippers.**

- (1) In section 1 of the <sup>M18</sup>Customs and Excise Management Act 1979 (interpretation) in subsection (1), after the definition of “Queen’s warehouse” there shall be inserted—
  - “ “registered excise dealer and shipper means a revenue trader approved and registered by the Commissioners under section 100G below;
  - “registered excise dealers and shippers regulations means regulations under section 100G below;”.
- (2) In the definition of “revenue trader” in that subsection, in paragraph (a) (person carrying on a trade or business subject to any of the revenue trade provisions of the customs and excise Acts) after the words “customs and excise Acts” there shall be inserted the words “or which consists of or includes—
  - (i) the buying, selling, importation, exportation, dealing in or handling of any goods of a class or description which is

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subject to a duty of excise (whether or not duty is chargeable on the goods); or  
 (ii) the financing or facilitation of any such transactions or activities.”.

(3) Schedule 4 to this Act shall have effect.

**Marginal Citations**

M18 1979 c. 2.

**12 Protection of the revenues derived from excise duties.**

Schedule 5 to this Act (which makes provision for the purpose of protecting the revenues derived from duties of excise) shall have effect.

VALID FROM 01/04/1991

**CHAPTER II**

**VALUE ADDED TAX**

**13 Rate.**

(1) In section 9(1) of the <sup>M19</sup>Value Added Tax Act 1983 (rate of tax) for “15 per cent. there shall be substituted “ 17.50 per cent. ”

(2) This section shall be deemed to have come into force on 1st April 1991.

**Marginal Citations**

M19 1983 c. 55.

VALID FROM 25/07/1991

**14 Person supplied for input tax purposes.**

In section 14 of the Value Added Tax Act 1983 (which allows as a credit against a taxable person’s output tax the tax on goods or services supplied to him) there shall be inserted after subsection (3A)—

“(3B) The Treasury may by order provide with respect to any description of goods or services that, where goods or services of that description are supplied to a person who is not a taxable person, they shall, in such circumstances as may be specified in the order, be treated for the purposes of subsection (3) above as supplied to such other person as may be determined in accordance with the order.”

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VALID FROM 25/07/1991

## 15 Bad debts.

- (1) In section 11 of the <sup>M20</sup>Finance Act 1990 (refund of tax where bad debt written off and period of two years from supply has elapsed) in subsection (1)(c) for “two years there shall be substituted “one year ”.
- (2) The amendment made by subsection (1) above shall be deemed always to have had effect.

### Marginal Citations

M20 1990 c. 29.

VALID FROM 25/07/1991

## 16 Groups of companies.

- (1) Section 29 of the Value Added Tax Act 1983 (groups of companies) shall be amended as follows.
- (2) In subsection (3) for the words from “resident to “if there shall be substituted the words “are eligible to be treated as members of a group if each of them falls within subsection (3A) below and ”.
- (3) The following subsection shall be inserted after subsection (3)—  
“(3A) A body falls within this subsection if it is resident in the United Kingdom or it has an established place of business in the United Kingdom.”

VALID FROM 25/07/1991

## 17 Interest on overpayments etc.

- (1) In the <sup>M21</sup>Value Added Tax Act 1983, after section 38 (administration, collection and enforcement) there shall be inserted—

### “38A Interest in certain cases of official error.

- (1) Where, due to an error on the part of the Commissioners, a person—
  - (a) has accounted to them for an amount by way of output tax which was not output tax due from him and which they are in consequence liable to repay to him, or
  - (b) has failed to claim credit under section 14 above for an amount for which he was entitled so to claim credit and which they are in consequence liable to pay to him, or

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- (c) has (otherwise than in a case falling within paragraph (a) or (b) above) paid to them by way of value added tax an amount that was not tax due and which they are in consequence liable to repay to him, or
- (d) has suffered delay in receiving payment of an amount due to him from them in connection with value added tax,

then, if and to the extent that they would not be liable to do so apart from this section, they shall pay interest to him on that amount for the applicable period, but subject to the following provisions of this section.

- (2) Nothing in subsection (1) above requires the Commissioners to pay interest—
  - (a) on any amount which falls to be increased by a supplement under section 20 of the Finance Act 1985 (repayment supplement on certain delayed payments or refunds); or
  - (b) where an amount is increased under that section, on so much of the increased amount as represents the supplement.
- (3) Interest under this section shall be payable at such rates as may from time to time be prescribed by order made by the Treasury; and any such order—
  - (a) may prescribe different rates for different purposes; and
  - (b) shall apply to interest for periods beginning on or after the date on which the order is expressed to come into force, whether or not interest runs from before that date;

and the first such order may prescribe, for cases where interest runs from before the date on which that order is expressed to come into force, rates for periods ending before that date.
- (4) The “applicable period in a case falling within paragraph (a) or (b) of subsection (1) above is the period—
  - (a) beginning with the appropriate commencement date, and
  - (b) ending with the date on which the Commissioners authorise payment of the amount on which the interest is payable.
- (5) In subsection (4) above, the “appropriate commencement date—
  - (a) in a case where an amount would have been due from the person by way of value added tax in connection with the relevant return, had his input tax and output tax been as stated in that return, means the date on which the Commissioners received payment of that amount; and
  - (b) in a case where no such payment would have been due from him in connection with that return, means the date on which the Commissioners would, apart from the error, have authorised payment of the amount on which the interest is payable;

and in this subsection “the relevant return means the return in which the person accounted for, or (as the case may be) ought to have claimed credit for, the amount on which the interest is payable.
- (6) The “applicable period in a case falling within paragraph (c) of subsection (1) above is the period—
  - (a) beginning with the date on which the payment is received by the Commissioners, and

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- (b) ending with the date on which they authorise payment of the amount on which the interest is payable.
- (7) The “applicable period in a case falling within paragraph (d) of that subsection is the period—
  - (a) beginning with the date on which, apart from the error, the Commissioners might reasonably have been expected to authorise payment of the amount on which the interest is payable, and
  - (b) ending with the date on which they in fact authorise payment of that amount.
- (8) In determining in accordance with subsection (4), (6) or (7) above the applicable period for the purposes of subsection (1) above, there shall be left out of account any period referable to the raising and answering of any reasonable inquiry relating to any matter giving rise to, or otherwise connected with, the person’s entitlement to interest under this section.
- (9) The Commissioners shall only be liable to pay interest under this section on a claim made in writing for that purpose.
- (10) No claim shall be made under this section after the expiry of six years from the date on which the claimant discovered the error or could with reasonable diligence have discovered it.
- (11) In this section—
  - (a) any reference to receiving a payment from the Commissioners includes a reference to the discharge, by way of set-off, of their liability to make it; and
  - (b) any reference to a return is a reference to a return required to be made in accordance with paragraph 2 of Schedule 7 to this Act.
- (12) This section confers a right to interest in respect of periods before as well as after its coming into force.

### **38B Interest: general treatment.**

- (1) Any interest payable by the Commissioners (whether under an enactment or instrument or otherwise) to a person on a sum due to him under or by virtue of—
    - (a) any provision of this Act,
    - (b) section 25 of the Finance Act 1985, or
    - (c) section 24 of the Finance Act 1989,shall be treated as an amount due to him by way of credit under section 14(5) above.
  - (2) Subsection (1) above shall be disregarded for the purpose of determining a person’s entitlement to interest or the amount of interest to which he is entitled.”
- (2) In section 40(1) of that Act (which specifies the matters in respect of which an appeal lies to a value added tax tribunal against a decision of the Commissioners) after paragraph (h) there shall be inserted—

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“(ha) any liability of the Commissioners to pay interest under section 38A above or the amount of interest so payable;”.

#### Marginal Citations

M21 1983 c. 55.

VALID FROM 25/07/1991

### 18 Reduction of penalty for serious misdeclaration etc.

- (1) In section 14 of the Finance Act 1985 (serious misdeclaration or neglect resulting in understatements or overclaims) in subsection (1) (liability to penalty equal to a percentage of the tax which would have been lost) for “30 per cent. there shall be substituted “ 20 per cent. ”
- (2) Subject to subsection (3) below, this section shall apply where a penalty is assessed on or after 20th March 1991 in relation to a prescribed accounting period beginning on or after 1st April 1990.
- (3) This section shall not apply in the case of a supplementary assessment if the original assessment was made before 20th March 1991.

VALID FROM 25/07/1991

## CHAPTER III

### CAR TAX

### 19 Vehicles leased to the handicapped.

- (1) In section 5A of the <sup>M22</sup>Car Tax Act 1983 (relief where vehicle leased to the handicapped) after subsection (2) (which imposes a charge to tax where vehicle supplied by the lessor in certain circumstances) there shall be inserted—

“(2A) Subsection (2)(b) above shall not apply where at the time of the supply the lessor is—

- (a) a charity, or
- (b) a person used by a charity for the purpose of making supplies which attract relief under this section.”

- (2) This section shall apply in relation to supplies made on or after the day on which this Act is passed.

#### Marginal Citations

M22 1983 c. 53.



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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1991, Part I. (See end of Document for details)*

## 20 Research vehicles.

- (1) Section 7 of the <sup>M23</sup> Car Tax Act 1983 (remission of tax on certain vehicles) shall be amended as follows.
- (2) After subsection (4) there shall be inserted—
  - “(4A) Regulations under this Act may make provision for enabling the Commissioners to remit the tax on a chargeable vehicle or, if the tax has been paid, to repay it, subject in either case to such conditions as they think necessary for the protection of the revenue, where—
    - (a) subsection (4B) below applies, and
    - (b) such other conditions are satisfied as may be prescribed by the regulations.
  - (4B) This subsection applies where a person registered under this Act—
    - (a) makes the vehicle in the United Kingdom and appropriates it to his own use,
    - (b) imports the vehicle into the United Kingdom and registers it, or
    - (c) acquires the vehicle in the United Kingdom in an unused condition from another,and, at the time he appropriates, registers or, as the case may be, acquires the vehicle, he intends it to be used only by him or on his behalf and only for the purposes of commercial or industrial research.”
- (3) In subsection (5) (conditions which may be imposed) after “subsection (4)” there shall be inserted “or (4A) ”.
- (4) In subsection (6) (recovery of tax where breach of condition)—
  - (a) for “has been remitted on a vehicle under subsection (4) above” there shall be substituted “ on a vehicle has been—
    - (a) remitted under subsection (4) above, or
    - (b) remitted or repaid under subsection (4A) above,”;
  - (b) after “remission” there shall be inserted “or, as the case may be, an amount of tax equal to that repaid ”.

### Marginal Citations

M23 1983 c. 53.

**Status:**

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**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1991, Part I.