Finance Act 1997

1997 CHAPTER 16

PART III

VALUE ADDED TAX

Registration

31 Aggregation of businesses

(1) In Schedule 1 to the Value Added Tax Act 1994 (registration in respect of taxable supplies), after paragraph 1 there shall be inserted the following paragraph—

"1A (1) Paragraph 2 below is for the purpose of preventing the maintenance or creation of any artificial separation of business activities carried on by two or more persons from resulting in an avoidance of VAT.

(2) In determining for the purposes of sub-paragraph (1) above whether any separation of business activities is artificial, regard shall be had to the extent to which the different persons carrying on those activities are closely bound to one another by financial, economic and organisational links."

(2) In sub-paragraph (2) of paragraph 2 of that Schedule (power of Commissioners to make direction for aggregation of businesses)—

(a) in paragraph (b), the words from "which should properly" to "described in the direction" shall be omitted;

(b) in paragraph (c), for "that business" there shall be substituted "the business described in the direction"; and

(c) paragraph (d) (Commissioners to be satisfied before making direction for aggregation that avoidance is one of the main reasons for division) shall be omitted;

and, accordingly, in sub-paragraph (4) of that paragraph (power of Commissioners to make supplementary direction) the word "properly" shall be omitted.

(3) In section 84(7) of that Act (determination of appeals against directions), for the words from "as to the matters" onwards there shall be substituted "that there were grounds for making the direction."

(4) This section has effect in relation to the making of directions on or after the day on which this Act is passed.

32 Voluntary registration

For sub-paragraph (2) of paragraph 10 of Schedule 1 to the Value Added Tax Act 1994 (non-taxable supplies in respect of which a person is entitled to be registered) there shall be substituted the following sub-paragraph—

"(2) A supply is within this sub-paragraph if—

(a) it is made outside the United Kingdom but would be a taxable supply if made in the United Kingdom; or

(b) it is specified for the purposes of subsection (2) of section 26 in an order made under paragraph (c) of that subsection."

Zero-rating

33 Sale of goods donated to charity

(1) In Group 15 of Schedule 8 to the Value Added Tax Act 1994 (charities etc), for Note (1) there shall be substituted the following Note—

"(1) Item 1 shall apply only if—

(a) the supply is a sale of goods donated to that charity or taxable person;

(b) the sale takes place as a result of the goods having been made available to the general public for purchase (whether in a shop or elsewhere); and

(c) the sale does not take place as a result of any arrangements (whether legally binding or not) which related to the goods and were entered into by each of the parties to the sale before the goods were made available to the general public."

(2) This section has effect in relation to supplies made on or after 26th November 1996.

34 Charitable institutions providing care etc

(1) In Group 15 of Schedule 8 to the Value Added Tax Act 1994 (charities etc), after Note (4) there shall be inserted the following Notes—

"(4A) Subject to Note (5B), a charitable institution shall not be regarded as providing care or medical or surgical treatment for handicapped persons unless—

(a) it provides care or medical or surgical treatment in a relevant establishment; and

(b) the majority of the persons who receive care or medical or surgical treatment in that establishment are handicapped persons.

(4B) "Relevant establishment" means—

(a) a day-centre, other than a day-centre which exists primarily as a place for activities that are social or recreational or both; or

(b) an institution which is—

(i) approved, licensed or registered in accordance with the provisions of any enactment or Northern Ireland legislation; or

(ii) exempted by or under the provisions of any enactment or Northern Ireland legislation from any requirement to be approved, licensed or registered;

and in paragraph (b) above the references to the provisions of any enactment or Northern Ireland legislation are references only to provisions which, so far as relating to England, Wales, Scotland or Northern Ireland, have the same effect in every locality within that part of the United Kingdom."

(2) After Note (5) to that Group there shall be inserted the following Notes—

"(5A) Subject to Note (5B), items 4 to 7 do not apply where the eligible body falls within Note (4)(f) unless the relevant goods are or are to be used in a relevant establishment in which that body provides care or medical or surgical treatment to persons the majority of whom are handicapped.

(5B) Nothing in Note (4A) or (5A) shall prevent a supply from falling within items 4 to 7 where—

(a) the eligible body provides medical care to handicapped persons in their own homes;

(b) the relevant goods fall within Note (3)(a) or are parts or accessories for use in or with goods described in Note (3)(a); and

(c) those goods are or are to be used in or in connection with the provision of that care."

(3) This section has effect in relation to supplies made on or after 26th November 1996.

Buildings and land

35 References to grants

(1) Section 96 of the Value Added Tax Act 1994 (interpretation) shall have effect, and be deemed always to have had effect, with the following subsection inserted after subsection (10), namely—

"(10A) Where—

(a) the grant of any interest, right, licence or facilities gives rise for the purposes of this Act to supplies made at different times after the making of the grant, and

(b) a question whether any of those supplies is zero-rated or exempt falls to be determined according to whether or not the grant is a grant of a description specified in Schedule 8 or 9 or paragraph 2(2) or (3) of Schedule 10,

that question shall be determined according to whether the description is applicable as at the time of supply, rather than by reference to the time of the grant."

(2) Paragraph 3 of Schedule 10 to that Act (interpretation of the option to tax) shall have effect, and be deemed always to have had effect, with the following sub-paragraphs inserted after sub-paragraph (5)—

"(5A) Where—

(a) an election under paragraph 2 above is made in relation to any land, and

(b) apart from this sub-paragraph, a grant in relation to that land would be taken to have been made (whether in whole or in part) before the time when the election takes effect,

that paragraph shall have effect, in relation to any supplies to which the grant gives rise which are treated for the purposes of this Act as taking place after that time, as if the grant had been made after that time.

(5B) Accordingly, the references in paragraph 2(9) above and sub-paragraph (9) below to grants being exempt or taxable shall be construed as references to supplies to which a grant gives rise being exempt or, as the case may be, taxable."

(3) Amendments corresponding to those made by subsections (1) and (2) above shall be deemed to have had effect, for the purposes of the cases to which it applied, in relation to the Value Added Tax Act 1983; and any provisions about the coming into force of any amendment of that Act shall be deemed to have had effect accordingly.

(4) Nothing in this section shall be taken to affect the operation, in relation to times before its repeal took effect, of paragraph 4 of Schedule 10 to the Value Added Tax Act 1994 or of any enactment re-enacted in that paragraph.

36 Buildings intended to be used as dwellings

(1) After paragraph 2(2) of Schedule 10 to the Value Added Tax Act 1994 (under which the option to tax is not available in respect of buildings intended for use as dwellings), there shall be inserted the following sub-paragraphs—

"(2A) Subject to the following provisions of this paragraph, where—

(a) an election has been made for the purposes of this paragraph in relation to any land, and

(b) a supply is made that would fall, but for sub-paragraph (2)(a) above, to be treated as excluded by virtue of that election from Group 1 of Schedule 9,

then, notwithstanding sub-paragraph (2)(a) above, that supply shall be treated as so excluded if the conditions in sub-paragraph (2B) below are satisfied.

(2B) The conditions mentioned in sub-paragraph (2A) above are—

(a) that an agreement in writing made, at or before the time of the grant, between—

(i) the person making the grant, and

(ii) the person to whom it is made,

declares that the election is to apply in relation to the grant; and

(b) that the person to whom the supply is made intends, at the time when it is made, to use the land for the purpose only of making a supply which is zero-rated by virtue of paragraph (b) of item 1 of Group 5 of Schedule 8."

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

37 Supplies to non-taxable persons etc

(1) Paragraphs 2(3A) and 3(8A) of Schedule 10 to the Value Added Tax Act 1994 (which relate to grants of land made to connected persons where they are not fully taxable) shall not have effect in relation to any supply made after 26th November 1996.

(2) In paragraph 2 of that Schedule (election to waive exemption), after sub-paragraph (3) there shall be inserted the following sub-paragraphs—

"(3AA) Where an election has been made under this paragraph in relation to any land, a supply shall not be taken by virtue of that election to be a taxable supply if—

(a) the grant giving rise to the supply was made by a person ("the grantor") who was a developer of the land; and

(b) at the time of the grant, it was the intention or expectation of—

(i) the grantor, or

(ii) a person responsible for financing the grantor's development of the land for exempt use,

that the land would become exempt land (whether immediately or eventually and whether or not by virtue of the grant) or, as the case may be, would continue, for a period at least, to be such land."

(3) After paragraph 3 of that Schedule (construction of paragraph 2) there shall be inserted the following paragraph—

"3A (1) This paragraph shall have effect for the construction of paragraph 2(3AA) above.

(2) For the purposes of paragraph 2(3AA) above a grant made by any person in relation to any land is a grant made by a developer of that land if—

(a) the land, or a building or part of a building on that land, is an asset falling in relation to that person to be treated as a capital item for the purposes of any regulations under section 26(3) and (4) providing for adjustments relating to the deduction of input tax; and

(b) the grant was made at a time falling within the period over which such regulations allow adjustments relating to the deduction of input tax to be made as respects that item.

(3) In paragraph 2(3AA) above and this paragraph the references to a person's being responsible for financing the grantor's development of the land for exempt use are references to his being a person who, with the intention or in the expectation that the land will become, or continue (for a period at least) to be, exempt land—

(a) has provided finance for the grantor's development of the land; or

(b) has entered into any agreement, arrangement or understanding (whether or not legally enforceable) to provide finance for the grantor's development of the land.

(4) In sub-paragraph (3)(a) and (b) above the references to providing finance for the grantor's development of the land are references to doing any one or more of the following, that is to say—

(a) directly or indirectly providing funds for meeting the whole or any part of the cost of the grantor's development of the land;

(b) directly or indirectly procuring the provision of such funds by another;

(c) directly or indirectly providing funds for discharging, in whole or in part, any liability that has been or may be incurred by any person for or in connection with the raising of funds to meet the cost of the grantor's development of the land;

(d) directly or indirectly procuring that any such liability is or will be discharged, in whole or in part, by another.

(5) The references in sub-paragraph (4) above to the provision of funds for a purpose referred to in that sub-paragraph include references to—

(a) the making of a loan of funds that are or are to be used for that purpose;

(b) the provision of any guarantee or other security in relation to such a loan;

(c) the provision of any of the consideration for the issue of any shares or other securities issued wholly or partly for raising such funds; or

(d) any other transfer of assets or value as a consequence of which any such funds are made available for that purpose.

(6) In sub-paragraph (4) above the references to the grantor's development of the land are references to the acquisition by the grantor of the asset which—

(a) consists in the land or a building or part of a building on the land, and

(b) in relation to the grantor falls to be treated for the purposes mentioned in sub-paragraph (2)(a) above as a capital item;

and for the purposes of this sub-paragraph the acquisition of an asset shall be taken to include its construction or reconstruction and the carrying out in relation to that asset of any other works by reference to which it falls to be treated for the purposes mentioned in sub-paragraph (2)(a) above as a capital item.

(7) For the purposes of paragraph 2(3AA) above and this paragraph land is exempt land if, at a time falling within the period mentioned in sub-paragraph (2)(b) above—

(a) the grantor,

(b) a person responsible for financing the grantor's development of the land for exempt use, or

(c) a person connected with the grantor or with a person responsible for financing the grantor's development of the land for exempt use,

is in occupation of the land without being in occupation of it wholly or mainly for eligible purposes.

(8) For the purposes of this paragraph, but subject to sub-paragraphs (10) and (12) below, a person's occupation at any time of any land is not capable of being occupation for eligible purposes unless he is a taxable person at that time.

(9) Subject to sub-paragraphs (10) to (12) below, a taxable person in occupation of any land shall be taken for the purposes of this paragraph to be in occupation of that land for eligible purposes to the extent only that his occupation of that land is for the purpose of making supplies which—

(a) are or are to be made in the course or furtherance of a business carried on by him; and

(b) are supplies of such a description that any input tax of his which was wholly attributable to those supplies would be input tax for which he would be entitled to a credit.

(10) For the purposes of this paragraph—

(a) occupation of land by a body to which section 33 applies is occupation of the land for eligible purposes to the extent that the body occupies the land for purposes other than those of a business carried on by that body; and

(b) any occupation of land by a Government department (within the meaning of section 41) is occupation of the land for eligible purposes.

(11) For the purposes of this paragraph, where land of which any person is in occupation—

(a) is being held by that person in order to be put to use by him for particular purposes, and

(b) is not land of which he is in occupation for any other purpose,

that person shall be deemed, for so long as the conditions in paragraphs (a) and (b) above are satisfied, to be in occupation of that land for the purposes for which he proposes to use it.

(12) Sub-paragraphs (8) to (11) above shall have effect where land is in the occupation of a person who—

(a) is not a taxable person, but

(b) is a person whose supplies are treated for the purposes of this Act as supplies made by another person who is a taxable person,

as if the person in occupation of the land and that other person were a single taxable person.

(13) For the purposes of this paragraph a person shall be taken to be in occupation of any land whether he occupies it alone or together with one or more other persons and whether he occupies all of that land or only part of it.

(14) Any question for the purposes of this paragraph whether one person is connected with another shall be determined in accordance with section 839 of the Taxes Act."

(4) Subsections (2) and (3) above have effect in relation to any supply made on or after the day on which this Act is passed, other than a supply arising from a relevant pre-commencement grant.

(5) Subject to subsection (6) below, a grant is a relevant pre-commencement grant for the purposes of this section if it is either—

(a) a grant made before 26th November 1996; or

(b) a grant made on or after that date and before 30th November 1999 in pursuance of an agreement in writing entered into before 26th November 1996.

(6) For the purposes of this section a grant is not a relevant pre-commencement grant by virtue of paragraph (b) of subsection (5) above unless the terms on which the grant has been made are terms which, as terms for which provision was made by the agreement mentioned in that paragraph, were fixed before 26th November 1996.

Exempt insurance supplies

38 Exempt insurance supplies

(1) In Schedule 9 to the Value Added Tax Act 1994 (exemptions), for Group 2 (insurance) there shall be substituted the following Group—

"**GROUP 2 — INSURANCE**

Item No

1 The provision of insurance or reinsurance by a person who provides it in the course of—

(a) any insurance business which he is authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on, or

(b) any business in respect of which he is exempted under section 2 of that Act from the requirement to be so authorised.

2 The provision by an insurer or reinsurer who belongs outside the United Kingdom of—

(a) insurance against any of the risks or other things described in Schedules 1 and 2 to the Insurance Companies Act 1982, or

(b) reinsurance relating to any of those risks or other things.

3 The provision of insurance or reinsurance by the Export Credits Guarantee Department.

4 The provision by an insurance broker or insurance agent of any of the services of an insurance intermediary in a case in which those services—

(a) are related (whether or not a contract of insurance or reinsurance is finally concluded) to any such provision of insurance or reinsurance as falls, or would fall, within item 1, 2 or 3; and

(b) are provided by that broker or agent in the course of his acting in an intermediary capacity.

Notes:

(1) For the purposes of item 4 services are services of an insurance intermediary if they fall within any of the following paragraphs—

(a) the bringing together, with a view to the insurance or reinsurance of risks, of—

(i) persons who are or may be seeking insurance or reinsurance, and

(ii) persons who provide insurance or reinsurance;

(b) the carrying out of work preparatory to the conclusion of contracts of insurance or reinsurance;

(c) the provision of assistance in the administration and performance of such contracts, including the handling of claims;

(d) the collection of premiums.

(2) For the purposes of item 4 an insurance broker or insurance agent is acting "in an intermediary capacity" wherever he is acting as an intermediary, or one of the intermediaries, between—

(a) a person who provides any insurance or reinsurance the provision of which falls within item 1, 2 or 3, and

(b) a person who is or may be seeking insurance or reinsurance or is an insured person.

(3) Where—

(a) a person ("the supplier") makes a supply of goods or services to another ("the customer"),

(b) the supply of the goods or services is a taxable supply and is not a zero-rated supply,

(c) a transaction under which insurance is to be or may be arranged for the customer is entered into in connection with the supply of the goods or services,

(d) a supply of services which are related (whether or not a contract of insurance is finally concluded) to the provision of insurance in pursuance of that transaction is made by—

(i) the person by whom the supply of the goods or services is made, or

(ii) a person who is connected with that person and, in connection with the provision of that insurance, deals directly with the customer,

and

(e) the related services do not consist in the handling of claims under the contract for that insurance,

those related services do not fall within item 4 unless the relevant requirements are fulfilled.

(4) For the purposes of Note (3) the relevant requirements are—

(a) that a document containing the statements specified in Note (5) is prepared;

(b) that the matters that must be stated in the document have been disclosed to the customer at or before the time when the transaction mentioned in Note (3)(c) is entered into; and

(c) that there is compliance with all such requirements (if any) as to—

(i) the preparation and form of the document,

(ii) the manner of disclosing to the customer the matters that must be stated in the document, and

(iii) the delivery of a copy of the document to the customer,

as may be set out in a notice that has been published by the Commissioners and has not been withdrawn.

(5) The statements referred to in Note (4) are—

(a) a statement setting out the amount of the premium under any contract of insurance that is to be or may be entered into in pursuance of the transaction in question; and

(b) a statement setting out every amount that the customer is, is to be or has been required to pay, otherwise than by way of such a premium, in connection with that transaction or anything that is to be, may be or has been done in pursuance of that transaction.

(6) For the purposes of Note (3) any question whether a person is connected with another shall be determined in accordance with section 839 of the Taxes Act.

(7) Item 4 does not include—

(a) the supply of any market research, product design, advertising, promotional or similar services; or

(b) the collection, collation and provision of information for use in connection with market research, product design, advertising, promotional or similar activities.

(8) Item 4 does not include the supply of any valuation or inspection services.

(9) Item 4 does not include the supply of any services by loss adjusters, average adjusters, motor assessors, surveyors or other experts except where—

(a) the services consist in the handling of a claim under a contract of insurance or reinsurance;

(b) the person handling the claim is authorised when doing so to act on behalf of the insurer or reinsurer; and

(c) that person's authority so to act includes written authority to determine whether to accept or reject the claim and, where accepting it in whole or in part, to settle the amount to be paid on the claim.

(10) Item 4 does not include the supply of any services which—

(a) are supplied in pursuance of a contract of insurance or reinsurance or of any arrangements made in connection with such a contract; and

(b) are so supplied either—

(i) instead of the payment of the whole or any part of any indemnity for which the contract provides, or

(ii) for the purpose, in any other manner, of satisfying any claim under that contract, whether in whole or in part."

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

Bad debt relief

39 Bad debt relief

(1) In section 36 of the Value Added Tax Act 1994, paragraph (b) of subsection (4) (condition of bad debt relief that property in goods supplied has passed) shall not apply in the case of any claim made under that section in relation to a supply of goods made after the day on which this Act is passed.

(2) After that subsection there shall be inserted the following subsection—

"(4A) Where—

(a) a person is entitled under subsection (2) above to be refunded an amount of VAT, and

(b) that VAT has at any time been included in the input tax of another person,

that other person shall be taken, as from the time when the claim for the refund is made, not to have been entitled to any credit for input tax in respect of the VAT that has to be refunded on that claim."

(3) Subsection (2) above has effect in relation to any entitlement under section 36 of that Act of 1994 to a refund of VAT charged on a supply made after 26th November 1996.

(4) In subsection (5) of that section (regulations), after paragraph (e) there shall be inserted the following paragraph—

"(ea) make provision, where there is a repayment by virtue of paragraph (e) above, for restoring the whole or any part of an entitlement to credit for input tax;".

(5) No claim for a refund may be made in accordance with section 22 of the Value Added Tax Act 1983 (old scheme for bad debt relief) at any time after the day on which this Act is passed.

Groups of companies

40 Groups containing bodies of different descriptions

(1) In section 43 of the Value Added Tax Act 1994 (groups of companies), after subsection (1) there shall be inserted the following subsections—

"(1AA) Where—

(a) it is material, for the purposes of any provision made by or under this Act ("the relevant provision"), whether the person by or to whom a supply is made, or the person by whom goods are acquired or imported, is a person of a particular description,

(b) paragraph (b) or (c) of subsection (1) above applies to any supply, acquisition or importation, and

(c) there is a difference that would be material for the purposes of the relevant provision between—

(i) the description applicable to the representative member, and

(ii) the description applicable to the body which (apart from this section) would be regarded for the purposes of this Act as making the supply, acquisition or importation or, as the case may be, as being the person to whom the supply is made,

the relevant provision shall have effect in relation to that supply, acquisition or importation as if the only description applicable to the representative member were the description in fact applicable to that body.

(1AB) Subsection (1AA) above does not apply to the extent that what is material for the purposes of the relevant provision is whether a person is a taxable person."

(2) In subsection (2) of that section (self supplies), at the end there shall be inserted "and may provide for that purpose that the representative member is to be treated as a person of such description as may be determined under the order."

(3) Subsection (1) above has effect in relation to any supply made after 26th November 1996 and in relation to any acquisition or importation taking place after that date.

41 Group supplies using an overseas member

(1) In section 43 of the Value Added Tax Act 1994 (groups of companies), after subsection (2) there shall be inserted the following subsections—

"(2A) A supply made by a member of a group ("the supplier") to another member of the group ("the UK member") shall not be disregarded under subsection (1)(a) above if—

(a) it would (if there were no group) be a supply of services falling within Schedule 5 to a person belonging in the United Kingdom;

(b) those services are not within any of the descriptions specified in Schedule 9;

(c) the supplier has been supplied (whether or not by a person belonging in the United Kingdom) with services falling within any of paragraphs 1 to 8 of Schedule 5;

(d) the supplier belonged outside the United Kingdom when it was supplied with the services mentioned in paragraph (c) above; and

(e) the services so mentioned have been used by the supplier for making the supply to the UK member.

(2B) Subject to subsection (2C) below, where a supply is excluded by virtue of subsection (2A) above from the supplies that are disregarded in pursuance of subsection (1)(a) above, all the same consequences shall follow under this Act as if that supply—

(a) were a taxable supply in the United Kingdom by the representative member to itself, and

(b) without prejudice to that, were made by the representative member in the course or furtherance of its business.

(2C) A supply which is deemed by virtue of subsection (2B) above to be a supply by the representative member to itself—

(a) shall not be taken into account as a supply made by the representative member when determining any allowance of input tax under section 26(1) in the case of the representative member;

(b) shall be deemed for the purposes of paragraph 1 of Schedule 6 to be a supply in the case of which the person making the supply and the person supplied are connected within the meaning of section 839 of the Taxes Act (connected persons); and

(c) subject to paragraph (b) above, shall be taken to be a supply the value and time of which are determined as if it were a supply of services which is treated by virtue of section 8 as made by the person by whom the services are received.

(2D) For the purposes of subsection (2A) above where—

(a) there has been a supply of the assets of a business of a person ("the transferor") to a person to whom the whole or any part of that business was transferred as a going concern ("the transferee"),

(b) that supply is either—

(i) a supply falling to be treated, in accordance with an order under section 5(3), as being neither a supply of goods nor a supply of services, or

(ii) a supply that would have fallen to be so treated if it had taken place in the United Kingdom,

and

(c) the transferor was supplied with services falling within paragraphs 1 to 8 of Schedule 5 at a time before the transfer when the transferor belonged outside the United Kingdom,

those services, so far as they are used by the transferee for making any supply falling within that Schedule, shall be deemed to have been supplied to the transferee at a time when the transferee belonged outside the United Kingdom.

(2E) Where, in the case of a supply of assets falling within paragraphs (a) and (b) of subsection (2D) above—

(a) the transferor himself acquired any of the assets in question by way of a previous supply of assets falling within those paragraphs, and

(b) there are services falling within paragraphs 1 to 8 of Schedule 5 which, if used by the transferor for making supplies falling within that Schedule, would be deemed by virtue of that subsection to have been supplied to the transferor at a time when he belonged outside the United Kingdom,

that subsection shall have effect, notwithstanding that the services have not been so used by the transferor, as if the transferor were a person to whom those services were supplied and as if he were a person belonging outside the United Kingdom at the time of their deemed supply to him; and this subsection shall apply accordingly through any number of successive supplies of assets falling within paragraphs (a) and (b) of that subsection."

(2) Subject to subsection (3) below, subsection (1) above has effect in relation to supplies made on or after 26th November 1996.

(3) Section 43 of the Value Added Tax Act 1994 shall have effect in relation to supplies made after the day on which this Act is passed with the provisions inserted by subsection (1) above modified in accordance with subsections (4) and (5) below.

(4) In subsection (2A), in paragraph (c) for the words from "services" to the end of the paragraph there shall be substituted "any services falling within paragraphs 1 to 8 of Schedule 5 which do not fall within any of the descriptions specified in Schedule 9;".

(5) In subsection (2C), at the beginning there shall be inserted "Except in so far as the Commissioners may by regulations otherwise provide,".

Incidental and supplemental provisions etc.

42 Services subject to the reverse charge

In section 8 of the Value Added Tax Act 1994 (reverse charge on supplies falling within Schedule 5), after subsection (6) there shall be inserted the following subsections—

"(7) The power of the Treasury by order to add to or vary Schedule 5 shall include power to make such incidental, supplemental, consequential and transitional provision in connection with any addition to or variation of that Schedule as they think fit.

(8) Without prejudice to the generality of subsection (7) above, the provision that may be made under that subsection includes—

(a) provision making such modifications of section 43(2A) to (2E) as the Treasury may think fit in connection with any addition to or variation of that Schedule; and

(b) provision modifying the effect of any regulations under subsection (4) above in relation to any services added to the Schedule."

43 Payments on account: appeals

In section 28 of the Value Added Tax Act 1994 (payments on account), after subsection (2) there shall be inserted the following subsection—

"(2AA) An order under this section may provide for the matters with respect to which an appeal under section 83 lies to a tribunal to include such decisions of the Commissioners under that or any other order under this section as may be specified in the order."