

*These notes refer to the Scotland Act 1998 (c.46)  
which received Royal Assent on 19th November 1998*

# **SCOTLAND ACT 1998**

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## **EXPLANATORY NOTES**

### **SCHEDULES**

#### ***SCHEDULE 8, Paragraph 30: Value Added Tax Act 1994***

##### **Purpose and Effect**

To secure that the Scottish Administration is treated in the same way as a government department for VAT purposes.

##### **General**

Special rules under section 41 of the Value Added Tax Act 1994 apply to the treatment of supplies of goods and services by and to government departments for VAT purposes. In particular the section allows the Treasury to direct that VAT should be charged on any goods or services provided by a government department even though the supply of those goods or services does not amount to the carrying on of a business. It also enables refunds of VAT to be made, subject to Treasury directions, to government departments in respect of goods or services supplied to it for non-business purposes. The most significant of these is the ability of departments to reclaim VAT they pay on contracted-out services. The section will apply these rules to the Scottish Administration, in the same way that they apply to government departments and will ensure continuation of the same treatment for VAT purposes in relation to functions that are transferred to the Scottish Administration.

##### **Details of Provisions**

The definition of “government department” in section 41(6) of the Value Added Tax Act 1994 is extended to include the Scottish Administration. The Scottish Administration is defined in section 126.