***Changes to legislation:** There are currently no known outstanding effects for the Finance Act 2001, SCHEDULE 31. (See end of Document for details)*

SCHEDULES

SCHEDULE 31 U.K.

Section 99.

VALUE ADDED TAX: RE-ENACTMENT OF REDUCED RATE PROVISIONS

PART 1 U.K.

NEW SCHEDULE 7A TO THE VALUE ADDED TAX ACT 1994

1 The Schedule inserted after Schedule 7 to the Value Added Tax Act 1994 (c. 23) is as follows—

"SCHEDULE
7A U.K.

CHARGE AT REDUCED RATE

PART 1 U.K.

INDEX TO REDUCED-RATE SUPPLIES OF GOODS AND SERVICES

Children's car seats.....	Group 5
Domestic fuel or power.....	Group 1
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PART 2 U.K.

THE GROUPS

GROUP 1 — SUPPLIES OF DOMESTIC FUEL OR POWER U.K.

ITEM NO.

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 2001, SCHEDULE 31. (See end of Document for details)*

1 Supplies for qualifying use of—

(a) coal, coke or other solid substances held out for sale solely as fuel;

(b) coal gas, water gas, producer gases or similar gases;

(c) petroleum gases, or other gaseous hydrocarbons, whether in a gaseous or liquid state;

(d) fuel oil, gas oil or kerosene; or

(e) electricity, heat or air-conditioning.

NOTES:

Matters included or not included in the supplies

1 (1) Item 1(a) shall be deemed to include combustible materials put up for sale for kindling fires but shall not include matches.

(2) Item 1(b) and (c) shall not include any road fuel gas (within the meaning of the Hydrocarbon Oil Duties Act 1979 (c. 5)) on which a duty of excise has been charged or is chargeable.

(3) Item 1(d) shall 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.

Meaning of "fuel oil", "gas oil" and "kerosene"

2 (1) In this Group "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.

(2) In this Group "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.

(3) In this Group "kerosene" means heavy oil of which more than 50 per cent. by volume distils at a temperature not exceeding 240°C.

(4) In this paragraph "heavy oil" has the same meaning as in the Hydrocarbon Oil Duties Act 1979.

Meaning of "qualifying use"

3 In this Group "qualifying use" means—

(a) domestic use; or

(b) use by a charity otherwise than in the course or furtherance of a business.

Supplies only partly for qualifying use

4 For the purposes of this Group, where there is a supply of goods partly for qualifying use and partly not—

(a) if at least 60 per cent. of the goods are supplied for qualifying use, the whole supply shall be treated as a supply for qualifying use; and

(b) in any other case, an apportionment shall be made to determine the extent to which the supply is a supply for qualifying use.

Supplies deemed to be for domestic use

5 For the purposes of this Group the following supplies are always for domestic use—

(a) a supply of not more than one tonne of coal or coke held out for sale as domestic fuel;

(b) a supply of wood, peat or charcoal not intended for sale by the recipient;

(c) a supply to a person at any premises of piped gas (that is, gas within item 1(b), or petroleum gas in a gaseous state, provided through pipes) where the gas (together with any other piped gas provided to him at the premises by the same supplier) was not provided at a rate exceeding 150 therms a month or, if the supplier charges for the gas by reference to the number of kilowatt hours supplied, 4397 kilowatt hours a month;

(d) a supply of petroleum gas in a liquid state where the gas is supplied in cylinders the net weight of each of which is less than 50 kilogrammes and either the number of cylinders supplied is 20 or fewer or the gas is not intended for sale by the recipient;

(e) a supply of petroleum gas in a liquid state, otherwise than in cylinders, to a person at any premises at which he is not able to store more than two tonnes of such gas;

(f) a supply of not more than 2,300 litres of fuel oil, gas oil or kerosene;

(g) a supply of electricity to a person at any premises where the electricity (together with any other electricity provided to him at the premises by the same supplier) was not provided at a rate exceeding 1000 kilowatt hours a month.

Other supplies that are for domestic use

6 For the purposes of this Group supplies not within paragraph 5 are for domestic use if and only if the goods supplied are for use in—

(a) a building, or part of a building, that consists of a dwelling or number of dwellings;

(b) a building, or part of a building, used for a relevant residential purpose;

(c) self-catering holiday accommodation;

(d) a caravan; or

(e) a houseboat.

Interpretation of paragraph 6

7 (1) For the purposes of this Group, "use for a relevant residential purpose" means use as—

(a) a home or other institution providing residential accommodation for children,

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(b) a home or other institution providing residential accommodation with personal care for persons in need of personal care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder,

(c) a hospice,

(d) residential accommodation for students or school pupils,

(e) residential accommodation for members of any of the armed forces,

(f) a monastery, nunnery or similar establishment, or

(g) an institution which is the sole or main residence of at least 90 per cent. of its residents,

except use as a hospital, a prison or similar institution or an hotel or inn or similar establishment.

(2) For the purposes of this Group "self-catering holiday accommodation" includes any accommodation advertised or held out as such.

(3) In paragraph 6 "houseboat" means a boat or other floating decked structure designed or adapted for use solely as a place of permanent habitation and not having means of, or capable of being readily adapted for, self-propulsion.

GROUP 2 — INSTALLATION OF ENERGY-SAVING MATERIALS U.K.

ITEM NO.

1 Supplies of services of installing energy-saving materials in—

(a) residential accommodation, or

(b) a building intended for use solely for a relevant charitable purpose.

2 Supplies of energy-saving materials by a person who installs those materials in—

(a) residential accommodation, or

(b) a building intended for use solely for a relevant charitable purpose.

NOTES:

Meaning of "energy-saving materials"

1 For the purposes of this Group "energy-saving materials" means any of the following—

(a) insulation for walls, floors, ceilings, roofs or lofts or for water tanks, pipes or other plumbing fittings;

(b) draught stripping for windows and doors;

(c) central heating system controls (including thermostatic radiator valves);

(d) hot water system controls;

(e) solar panels;

(f) wind turbines;

(g) water turbines.

Meaning of "residential accommodation"

2 (1) For the purposes of this Group "residential accommodation" means—

(a) a building, or part of a building, that consists of a dwelling or a number of dwellings;

(b) a building, or part of a building, used for a relevant residential purpose;

(c) a caravan used as a place of permanent habitation; or

(d) a houseboat.

(2) For the purposes of this Group "use for a relevant residential purpose" has the same meaning as it has for the purposes of Group 1 (see paragraph 7(1) of the Notes to that Group).

(3) In sub-paragraph (1)(d) "houseboat" has the meaning given by paragraph 7(3) of the Notes to Group 1.

Meaning of "use for a relevant charitable purpose"

3 For the purposes of this Group "use for a relevant charitable purpose" means use by a charity in either or both of the following ways, namely—

(a) otherwise than in the course or furtherance of a business;

(b) as a village hall or similarly in providing social or recreational facilities for a local community.

GROUP 3 — GRANT-FUNDED INSTALLATION OF HEATING EQUIPMENT OR SECURITY GOODS OR CONNECTION OF GAS SUPPLY U.K.

ITEM NO.

1 Supplies to a qualifying person of any services of installing heating appliances in the qualifying person's sole or main residence.

2 Supplies of heating appliances made to a qualifying person by a person who installs those appliances in the qualifying person's sole or main residence.

3 Supplies to a qualifying person of services of connecting, or reconnecting, a mains gas supply to the qualifying person's sole or main residence.

4 Supplies of goods made to a qualifying person by a person connecting, or reconnecting, a mains gas supply to the qualifying person's sole or main residence, being goods whose installation is necessary for the connection, or reconnection, of the mains gas supply.

5 Supplies to a qualifying person of services of installing, maintaining or repairing a central heating system in the qualifying person's sole or main residence.

6 Supplies of goods made to a qualifying person by a person installing, maintaining or repairing a central heating system in the qualifying person's sole or main residence, being goods whose installation is necessary for the installation, maintenance or repair of the central heating system.

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7 Supplies consisting in the leasing of goods that form the whole or part of a central heating system installed in the sole or main residence of a qualifying person.

8 Supplies of goods that form the whole or part of a central heating system installed in a qualifying person's sole or main residence and that, immediately before being supplied, were goods leased under arrangements such that the consideration for the supplies consisting in the leasing of the goods was, in whole or in part, funded by a grant made under a relevant scheme.

9 Supplies to a qualifying person of services of installing qualifying security goods in the qualifying person's sole or main residence.

10 Supplies of qualifying security goods made to a qualifying person by a person who installs those goods in the qualifying person's sole or main residence.

NOTES:

Supply only included so far as grant-funded

1 (1) Each of items 1 to 7, 9 and 10 applies to a supply only to the extent that the consideration for the supply is, or is to be, funded by a grant made under a relevant scheme.

(2) Item 8 applies to a supply only to the extent that the consideration for the supply—

(a) is, or is to be, funded by a grant made under a relevant scheme; or

(b) is a payment becoming due only by reason of the termination (whether by the passage of time or otherwise) of the leasing of the goods in question.

Meaning of "relevant scheme"

2 (1) For the purposes of this Group a scheme is a "relevant scheme" if it is one which satisfies the conditions specified in this paragraph.

(2) The first condition is that the scheme has as one of its objectives the funding of the installation of energy-saving materials in the homes of any persons who are qualifying persons.

(3) The second condition is that the scheme disburses, whether directly or indirectly, its grants in whole or in part out of funds made available to it in order to achieve that objective—

(a) by the Secretary of State,

(b) by the Scottish Ministers,

(c) by the National Assembly for Wales,

(d) by a Minister (within the meaning given by section 7(3) of the Northern Ireland Act 1998 (c. 47)) or a Northern Ireland department,

(e) by the **[**[F1]European Union**]** ,

(f) under an arrangement approved by the Gas and Electricity Markets Authority,

(g) under an arrangement approved by the Director General of Electricity Supply for Northern Ireland, or

(h) by a local authority.

(4) The reference in sub-paragraph (3)(f) to an arrangement approved by the Gas and Electricity Markets Authority includes a reference to an arrangement approved by the Director General of Electricity Supply, or the Director General of Gas Supply, before the transfer (under the Utilities Act 2000 (c. 27)) of his functions to the Authority.

Apportionment of grants that also cover other supplies

3 Where a grant is made under a relevant scheme in order—

(a) to fund a supply of a description to which any of items 1 to 10 applies ("the relevant supply"), and

(b) also to fund a supply to which none of those items applies ("the non-relevant supply"),

the proportion of the grant that is to be attributed, for the purposes of paragraph 1, to the relevant supply shall be the same proportion as the consideration reasonably attributable to that supply bears to the consideration for that supply and for the non-relevant supply.

Meaning of "heating appliances"

4 For the purposes of items 1 and 2 "heating appliances" means any of the following—

(a) gas-fired room heaters that are fitted with thermostatic controls;

(b) electric storage heaters;

(c) closed solid fuel fire cassettes;

(d) electric dual immersion water heaters with foam-insulated hot water tanks;

(e) gas-fired boilers;

(f) oil-fired boilers;

(g) radiators.

Meaning of "qualifying security goods"

5 For the purposes of items 9 and 10 "qualifying security goods" means any of the following—

(a) locks or bolts for windows;

(b) locks, bolts or security chains for doors;

(c) spy holes;

(d) smoke alarms.

Meaning of "qualifying person"

6 (1) For the purposes of this Group, a person to whom a supply is made is "a qualifying person" if at the time of the supply he—

(a) is aged 60 or over; or

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(b) is in receipt of one or more of the benefits mentioned in sub-paragraph (2).

(2) Those benefits are—

(a) council tax benefit under Part 7 of the Contributions and Benefits Act;

(b) disability living allowance under Part 3 of the Contributions and Benefits Act or Part 3 of the Northern Ireland Act;

(c) disabled person's tax credit, working families' tax credit, housing benefit or income support under Part 7 of the Contributions and Benefits Act or Part 7 of the Northern Ireland Act;

(d) an income-based jobseeker's allowance within the meaning of section 1(4) of the Jobseekers Act 1995 (c. 18) or Article 3(4) of the Jobseekers (Northern Ireland) Order 1995 (S.I. 1995/275 (N.I. 15));

(e) disablement pension under Part 5 of the Contributions and Benefits Act, or Part 5 of the Northern Ireland Act, that is payable at the increased rate provided for under section 104 (constant attendance allowance) of the Act concerned;

(f) war disablement pension under the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 1983 (S.I. 1983/883) that is payable at the increased rate provided for under article 14 (constant attendance allowance) or article 26A (mobility supplement) of that Order.

(3) In sub-paragraph (2)—

(a) "the Contributions and Benefits Act" means the Social Security Contributions and Benefits Act 1992 (c. 4); and

(b) "the Northern Ireland Act" means the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7).

GROUP 4 — WOMEN'S SANITARY PRODUCTS U.K.

ITEM NO.

1 Supplies of women's sanitary products.

NOTES:

Meaning of "women's sanitary products"

1 (1) In this Group "women's sanitary products" means women's sanitary products of any of the following descriptions—

(a) subject to sub-paragraph (2), products that are designed, and marketed, as being solely for use for absorbing, or otherwise collecting, lochia or menstrual flow;

(b) panty liners, other than panty liners that are designed as being primarily for use as incontinence products;

(c) sanitary belts.

(2) Sub-paragraph (1)(a) does not include protective briefs or any other form of clothing.

GROUP 5 — CHILDREN'S CAR SEATS U.K.

ITEM NO.

1 Supplies of children's car seats.

NOTES:

Meaning of "children's car seats"

1 (1) For the purposes of this Group, the following are "children's car seats"—
- (a) a safety seat;
- (b) the combination of a safety seat and a related wheeled framework;
- (c) a booster seat;
- (d) a booster cushion.

(2) In this Group "child" means a person aged under 14 years.

Meaning of "safety seat"

2 In this Group "safety seat" means a seat—
- (a) designed to be sat in by a child in a road vehicle,
- (b) designed so that, when in use in a road vehicle, it can be restrained—
  - (i) by a seat belt fitted in the vehicle, or
  - (ii) by belts, or anchorages, that form part of the seat being attached to the vehicle, or
  - (iii) in either of those ways, and
- (c) incorporating an integral harness, or integral impact shield, for restraining a child seated in it.

Meaning of "related wheeled framework"

3 For the purposes of this Group, a wheeled framework is "related" to a safety seat if the framework and the seat are each designed so that—
- (a) when the seat is not in use in a road vehicle it can be attached to the framework, and
- (b) when the seat is so attached, the combination of the seat and the framework can be used as a child's pushchair.

Meaning of "booster seat"

4 In this Group "booster seat" means a seat designed—
- (a) to be sat in by a child in a road vehicle, and
- (b) so that, when in use in a road vehicle, it and a child seated in it can be restrained by a seat belt fitted in the vehicle.

Meaning of "booster cushion"

5 In this Group "booster cushion" means a cushion designed—
- (a) to be sat on by a child in a road vehicle, and

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(b) so that a child seated on it can be restrained by a seat belt fitted in the vehicle

GROUP 6 — RESIDENTIAL CONVERSIONS U.K.

ITEM NO.

1 The supply, in the course of a qualifying conversion, of qualifying services related to the conversion.

2 The supply of building materials if—

(a) the materials are supplied by a person who, in the course of a qualifying conversion, is supplying qualifying services related to the conversion, and

(b) those services include the incorporation of the materials in the building concerned or its immediate site.

NOTES:

Supplies only partly within item 1

1 (1) Sub-paragraph (2) applies where a supply of services is only in part a supply to which item 1 applies.

(2) The supply, to the extent that it is one to which item 1 applies, is to be taken to be a supply to which item 1 applies.

(3) An apportionment may be made to determine that extent.

Meaning of "qualifying conversion"

2 (1) A "qualifying conversion" means—

(a) a changed number of dwellings conversion (see paragraph 3);

(b) a house in multiple occupation conversion (see paragraph 5); or

(c) a special residential conversion (see paragraph 7).

(2) Sub-paragraph (1) is subject to paragraphs 9 and 10.

Meaning of "changed number of dwellings conversion"

3 (1) A "changed number of dwellings conversion" is—

(a) a conversion of premises consisting of a building where the conditions specified in this paragraph are satisfied, or

(b) a conversion of premises consisting of a part of a building where those conditions are satisfied.

(2) The first condition is that after the conversion the premises being converted contain a number of single household dwellings that is—

(a) different from the number (if any) that the premises contain before the conversion, and

(b) greater than, or equal to, one.

(3) The second condition is that there is no part of the premises being converted that is a part that after the conversion contains the same number of single household dwellings (whether zero, one or two or more) as before the conversion.

Meaning of "single household dwelling" and "multiple occupancy dwelling"

4 (1) For the purposes of this Group "single household dwelling" means a dwelling—

(a) that is designed for occupation by a single household, and

(b) in relation to which the conditions set out in sub-paragraph (3) are satisfied.

(2) For the purposes of this Group "multiple occupancy dwelling" means a dwelling—

(a) that is designed for occupation by persons not forming a single household, and

(b) in relation to which the conditions set out in sub-paragraph (3) are satisfied.

(3) The conditions are—

(a) that the dwelling consists of self-contained living accommodation,

(b) that there is no provision for direct internal access from the dwelling to any other dwelling or part of a dwelling,

(c) that the separate use of the dwelling is not prohibited by the terms of any covenant, statutory planning consent or similar provision, and

(d) that the separate disposal of the dwelling is not prohibited by any such terms.

(4) For the purposes of this paragraph, a dwelling "is designed" for occupation of a particular kind if it is so designed—

(a) as a result of having been originally constructed for occupation of that kind and not having been subsequently adapted for occupation of any other kind, or

(b) as a result of adaptation.

Meaning of "house in multiple occupation conversion"

5 (1) A "house in multiple occupation conversion" is—

(a) a conversion of premises consisting of a building where the condition specified in sub-paragraph (2) below is satisfied, or

(b) a conversion of premises consisting of a part of a building where that condition is satisfied.

(2) The condition is that—

(a) before the conversion the premises being converted contain only a single household dwelling or two or more such dwellings,

(b) after the conversion those premises contain only a multiple occupancy dwelling or two or more such dwellings, and

(c) the use to which those premises are intended to be put after the conversion is not to any extent use for a relevant residential purpose.

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Meaning of "use for a relevant residential purpose"

6 For the purposes of this Group "use for a relevant residential purpose" means use as—

(a) a home or other institution providing residential accommodation for children,

(b) a home or other institution providing residential accommodation with personal care for persons in need of personal care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder,

(c) a hospice,

(d) residential accommodation for students or school pupils,

(e) residential accommodation for members of any of the armed forces,

(f) a monastery, nunnery or similar establishment, or

(g) an institution which is the sole or main residence of at least 90 per cent. of its residents,

except use as a hospital, prison or similar institution or an hotel, inn or similar establishment.

Meaning of "special residential conversion"

7 (1) A "special residential conversion" is a conversion of premises consisting of—

(a) a building or two or more buildings,

(b) a part of a building or two or more parts of buildings, or

(c) a combination of—

(i) a building or two or more buildings, and

(ii) a part of a building or two or more parts of buildings,

where the conditions specified in this paragraph are satisfied.

(2) The first condition is that, before the conversion, the premises being converted contain only—

(a) a dwelling or two or more dwellings, or

(b) a dwelling, or two or more dwellings, and

(i) an ancillary outbuilding occupied together with the dwelling or one or more of the dwellings, or

(ii) two or more ancillary outbuildings each occupied together with the dwelling or one or more of the dwellings.

(3) In sub-paragraph (2) "dwelling" means single household dwelling or multiple occupancy dwelling.

(4) The second condition is that where before the conversion the premises being converted contain a multiple occupancy dwelling or two or more such dwellings, the use to which that dwelling, or any of those dwellings, was last put before the conversion was not to any extent use for a relevant residential purpose.

(5) The third condition is that the premises being converted must be intended to be used after the conversion solely for a relevant residential purpose.

(6) The fourth condition is that, where the relevant residential purpose is an institutional purpose, the premises being converted must be intended to form after the conversion the entirety of an institution used for that purpose.

(7) In sub-paragraph (6) "institutional purpose" means a purpose within paragraph 6(a) to (c), (f) or (g).

Special residential conversions: reduced rate only for supplies made to intended user of converted accommodation

8 (1) This paragraph applies where the qualifying conversion concerned is a special residential conversion.

(2) Item 1 or 2 does not apply to a supply unless—

(a) it is made to a person who intends to use the premises being converted for the relevant residential purpose, and

(b) before it is made, the person to whom it is made has given to the person making it a certificate that satisfies the requirements in sub-paragraph (3).

(3) Those requirements are that the certificate—

(a) is in such form as may be specified in a notice published by the Commissioners, and

(b) states that the conversion is a special residential conversion.

(4) In sub-paragraph (2)(a) "the relevant residential purpose" means the purpose within paragraph 6 for which the premises being converted are intended to be used after the conversion.

"Qualifying conversion" includes related garage works

9 (1) A qualifying conversion includes any garage works related to the—

(a) changed number of dwellings conversion,

(b) house in multiple occupation conversion, or

(c) special residential conversion,

concerned.

(2) In this paragraph "garage works" means—

(a) the construction of a garage, or

(b) a conversion of a non-residential building, or of a non-residential part of a building, that results in a garage.

(3) For the purposes of sub-paragraph (1), garage works are "related" to a conversion if—

(a) they are carried out at the same time as the conversion, and

(b) the resulting garage is intended to be occupied with—

(i) where the conversion concerned is a changed number of dwellings conversion, a single household dwelling that will after the conversion be contained in the building, or part of a building, being converted,

(ii) where the conversion concerned is a house in multiple occupation conversion, a multiple occupancy dwelling that

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will after the conversion be contained in the building, or part of a building, being converted, or

(iii) where the conversion concerned is a special residential conversion, the institution or other accommodation resulting from the conversion.

(4) In sub-paragraph (2) "non-residential" means neither designed, nor adapted, for use—

(a) as a dwelling or two or more dwellings, or

(b) for a relevant residential purpose.

Conversion not "qualifying" if planning consent and building control approval not obtained

10 (1) A conversion is not a qualifying conversion if any statutory planning consent needed for the conversion has not been granted.

(2) A conversion is not a qualifying conversion if any statutory building control approval needed for the conversion has not been granted.

Meaning of "supply of qualifying services"

11 (1) In the case of a conversion of a building, "supply of qualifying services" means a supply of services that consists in—

(a) the carrying out of works to the fabric of the building, or

(b) the carrying out of works within the immediate site of the building that are in connection with—

(i) the means of providing water, power, heat or access to the building,

(ii) the means of providing drainage or security for the building, or

(iii) the provision of means of waste disposal for the building.

(2) In the case of a conversion of part of a building, "supply of qualifying services" means a supply of services that consists in—

(a) the carrying out of works to the fabric of the part, or

(b) the carrying out of works to the fabric of the building, or within the immediate site of the building, that are in connection with—

(i) the means of providing water, power, heat or access to the part,

(ii) the means of providing drainage or security for the part, or

(iii) the provision of means of waste disposal for the part.

(3) In this paragraph—

(a) references to the carrying out of works to the fabric of a building do not include the incorporation, or installation as fittings, in the building of any goods that are not building materials;

(b) references to the carrying out of works to the fabric of a part of a building do not include the incorporation, or installation as fittings, in the part of any goods that are not building materials.

Meaning of "building materials"

12 In this Group "building materials" has the meaning given by Notes (22) and (23) of Group 5 to Schedule 8 (zero-rating of construction and conversion of buildings).

GROUP 7 — RENOVATION AND ALTERATION OF DWELLINGS U.K.

ITEM NO.

1 The supply, in the course of the renovation or alteration of a single household dwelling, of qualifying services related to the renovation or alteration.

2 The supply of building materials if—

(a) the materials are supplied by a person who, in the course of the renovation or alteration of a single household dwelling, is supplying qualifying services related to the renovation or alteration, and

(b) those services include the incorporation of the materials in the dwelling concerned or its immediate site.

NOTES:

Supplies only partly within item 1

1 (1) Sub-paragraph (2) applies where a supply of services is only in part a supply to which item 1 applies.

(2) The supply, to the extent that it is one to which item 1 applies, is to be taken to be a supply to which item 1 applies.

(3) An apportionment may be made to determine that extent.

Meaning of "alteration" and "single household dwelling"

2 For the purposes of this Group—

"alteration" includes extension;

"single household dwelling" has the meaning given by paragraph 4 of the Notes to Group 6.

Items 1 and 2 only apply where dwelling has been empty for at least 3 years

3 (1) Item 1 or 2 does not apply to a supply unless either of the empty home conditions is satisfied.

(2) The first "empty home condition" is that the dwelling concerned has not been lived in during the period of 3 years ending with the commencement of the relevant works.

(3) The second "empty home condition" is that—

(a) the dwelling was not lived in during a period of at least 3 years;

(b) the person, or one of the persons, whose beginning to live in the dwelling brought that period to an end was a person who (whether

alone or jointly with another or others) acquired the dwelling at a time—

(i) no later than the end of that period, and

(ii) when the dwelling had been not lived in for at least 3 years;

(c) no works by way of renovation or alteration were carried out to the dwelling during the period of 3 years ending with the acquisition;

(d) the supply is made to a person who is—

(i) the person, or one of the persons, whose beginning to live in the property brought to an end the period mentioned in paragraph (a), and

(ii) the person, or one of the persons, who acquired the dwelling as mentioned in paragraph (b); and

(e) the relevant works are carried out during the period of one year beginning with the day of the acquisition.

(4) In this paragraph "the relevant works" means—

(a) where the supply is of the description set out in item 1, the works that constitute the services supplied;

(b) where the supply is of the description set out in item 2, the works by which the materials concerned are incorporated in the dwelling concerned or its immediate site.

(5) In sub-paragraph (3), references to a person acquiring a dwelling are to that person having a major interest in the dwelling granted, or assigned, to him for a consideration.

Items 1 and 2 only apply if planning consent and building control approval obtained

4 (1) Item 1 or 2 does not apply to a supply unless any statutory planning consent needed for the renovation or alteration has been granted.

(2) Item 1 or 2 does not apply to a supply unless any statutory building control approval needed for the renovation or alteration has been granted.

Meaning of "supply of qualifying services"

5 (1) "Supply of qualifying services" means a supply of services that consists in—

(a) the carrying out of works to the fabric of the dwelling, or

(b) the carrying out of works within the immediate site of the dwelling that are in connection with—

(i) the means of providing water, power, heat or access to the dwelling,

(ii) the means of providing drainage or security for the dwelling, or

(iii) the provision of means of waste disposal for the dwelling.

(2) In sub-paragraph (1)(a), the reference to the carrying out of works to the fabric of the dwelling does not include the incorporation, or installation as fittings, in the dwelling of any goods that are not building materials.

Meaning of "building materials"

6 In this Group "building materials" has the meaning given by Notes (22) and (23) of Group 5 to Schedule 8 (zero-rating of construction and conversion of buildings).".

Textual Amendments

F1 Words in Act substituted (22.4.2011) by The Treaty of Lisbon (Changes in Terminology) Order 2011 (S.I. 2011/1043), arts. 2, **3**, 4 (with art. 3(2)(3), 4(2), 6(4)(5))

PART 2 U.K.

CONSEQUENTIAL AMENDMENTS

Value Added Tax Act 1994 (c.23)

2 In section 2 of the Value Added Tax Act 1994 (rate of VAT), in each of subsections (2) and (3) (power to vary rate by up to 25% for up to one year), after "for the time being in force" insert " under this section ".

3 In section 62(1)(a)(i) of the Value Added Tax Act 1994 (penalty for giving incorrect certificate as to entitlement to reduced rate etc.), for "paragraph 1 of Schedule A1," substitute " any of the Groups of Schedule 7A, ".

4 (1) Section 88 of the Value Added Tax Act 1994 (supplies spanning change of rate etc.) is amended as follows.

(2) In subsection (1) (section applies where there is a change in the rate of VAT in force under section 2 or the descriptions of exempt or zero-rated supplies or acquisitions)—

(a) after "section 2" insert " or 29A ", and

(b) for "or zero-rated" (in both places) substitute " , zero-rated or reduced-rate ".

(3) In subsection (2) (election to disregard time of supply rules), after "any question whether it is zero-rated or exempt" insert " or a reduced-rate supply ".

[F2](4) . . . . . .

[F3](5) . . . . . .

Textual Amendments

F2 Sch. 31 para. 4(4) repealed (31.12.2020) by Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(3), **Sch. 8 para. 132(c)** (with savings and transitional provisions in S.I. 2019/105 (as amended by S.I. 2020/1495, regs. 1(2), **21**), S.I. 2020/1545, **Pt. 4** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(b)** (with reg. 7)

F3 Sch. 31 para. 4(5) repealed (31.12.2020) by Taxation (Cross-border Trade) Act 2018 (c. 22), s. 57(3), **Sch. 8 para. 132(c)** (with savings and transitional provisions in S.I. 2019/105 (as amended by S.I. 2020/1495, regs. 1(2), **21**), S.I. 2020/1545, **Pt. 4** and 2020 c. 26, **Sch. 2 para. 7(7)-(9)**); S.I. 2020/1642, **reg. 4(b)** (with reg. 7)

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 2001, SCHEDULE 31. (See end of Document for details)*

5 In section 96(9) of the Value Added Tax Act 1994 (notes in Schedules 8 and 9 to be used for interpretation and capable of being varied), after "Schedules" insert " 7A, ".

6 (1) Section 97(4) of the Value Added Tax Act 1994 (orders that cease to have effect if not approved by the House of Commons within 28 days of being made) is amended as follows.

(2) In paragraph (c)(i) (orders increasing rate of VAT in force), after "in force" insert " under section 2 ".

(3) In paragraph (c), after sub-paragraph (ii) insert—

"(iia) for varying Schedule 7A so as to cause VAT to be charged on a supply at the rate in force under section 2 instead of that in force under section 29A;".

(4) In paragraph (d)(i) (exception for orders under section 51 that are consequential on orders that vary Schedule 8 or 9 but do not fall within paragraph (c)), after "Schedule" insert " 7A, ".

Finance Act 2000 (c.17)

7 In paragraph 9 of Schedule 6 to the Finance Act 2000 (climate change levy: meaning of "for domestic use"), after sub-paragraph (4) (power under section 2(1C) of the Value Added Tax Act 1994 (c. 23) to amend Schedule A1 to that Act includes power to make corresponding amendments to paragraph 9) there is inserted—

"(5) The power to make provision under section 29A(3) of the Value Added Tax Act 1994 varying Schedule 7A to that Act (charge at reduced rate) includes power to make provision for any appropriate corresponding variation of this paragraph.".

Changes to legislation:
There are currently no known outstanding effects for the Finance Act 2001, SCHEDULE 31.