



Finance Act 2001

2001 CHAPTER 9

PART 4

OTHER TAXES

Value added tax

99 VAT: re-enactment of reduced-rate provisions

- (1) For the purpose of re-enacting the provisions of the Value Added Tax Act 1994 (c. 23) that provide for VAT on certain supplies, acquisitions and importations to be charged at a reduced rate of 5 per cent., that Act is amended as follows.
- (2) In section 2(1) (VAT to be charged at the rate of 17.5 per cent.), after “Subject to the following provisions of this section” insert “and to the provisions of section 29A”.
- (3) Section 2(1A) to (1C) and Schedule A1 (which are superseded by the new section 29A and Schedule 7A) shall cease to have effect.
- (4) In Part 2 (reliefs, exemptions and repayments), after the heading “*Reliefs etc. generally available*” insert—

“29A Reduced rate

- (1) VAT charged on—
 - (a) any supply that is of a description for the time being specified in Schedule 7A, or
 - (b) any equivalent acquisition or importation,shall be charged at the rate of 5 per cent.
- (2) The reference in subsection (1) above to an equivalent acquisition or importation, in relation to any supply that is of a description for the time being specified in Schedule 7A, is a reference (as the case may be) to—

Status: This is the original version (as it was originally enacted).

- (a) any acquisition from another member State of goods the supply of which would be such a supply; or
 - (b) any importation from a place outside the member States of any such goods.
- (3) The Treasury may by order vary Schedule 7A by adding to or deleting from it any description of supply or by varying any description of supply for the time being specified in it.
- (4) The power to vary Schedule 7A conferred by subsection (3) above may be exercised so as to describe a supply of goods or services by reference to matters unrelated to the characteristics of the goods or services themselves.

In the case of a supply of goods, those matters include, in particular, the use that has been made of the goods.”.
- (5) After Schedule 7 insert the Schedule 7A set out in Part 1 of Schedule 31 to this Act.
- (6) The consequential amendments in Part 2 of Schedule 31 to this Act have effect.
- (7) The following provisions have effect in relation to supplies made, and acquisitions and importations taking place, on or after 1st November 2001—
 - (a) subsections (2) and (5),
 - (b) subsection (3) so far as providing for section 2(1A) and (1B), and Schedule A1, to cease to have effect, and
 - (c) subsection (4) so far as inserting subsections (1) and (2) of the new section 29A.
- (8) Subsection (3), so far as providing for section 2(1C) to cease to have effect, comes into force on 1st November 2001.
- (9) Subsection (6)—
 - (a) so far as relating to the amendments made by paragraphs 2 and 6(2) of Schedule 31 to this Act, has effect in relation to orders under section 2(2) of the Value Added Tax Act 1994 (c. 23) that make changes only in the rate of VAT that is in force at times on or after 1st November 2001;
 - (b) so far as relating to the amendment made by paragraph 3 of Schedule 31 to this Act, has effect in relation to supplies made, or to be made, on or after 1st November 2001.