
 STATUTORY INSTRUMENTS

1977 No. 1793

VALUE ADDED TAX

The Value Added Tax (General) Order 1977

Made - - - - 1st November 1977

*Laid before the House
of Commons* - - - 10th November 1977

Coming into Operation 1st January 1978

The Treasury, in exercise of the powers conferred on them by sections 12(4), 13(2) and 43(1) of the Finance Act 1972(a) as amended by the Finance Act 1977(b) and of all other powers enabling them in that behalf, hereby make the following Order:—

1. This Order may be cited as the Value Added Tax (General) Order 1977 and shall come into operation on 1st January 1978.

2. The Interpretation Act 1889(c) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

3. Schedule 4 to the Finance Act 1972 as amended(d) shall be varied as follows:—

(a) In Group 1—Food, the following note shall be added:—

“(5) Any supply described in this Group shall include a supply of services described in paragraph 1(1) of Schedule 2 to this Act.”;

(b) In Group 3—Books, etc., the note shall be deleted and the following shall be substituted therefor:—

“*Note:* Items 1 to 6:—

(a) do not include plans or drawings for industrial, architectural, engineering, commercial or similar purposes;

(b) include the supply of services, in respect of goods comprised in the items, described in paragraph 1(1) of Schedule 2 to this Act.”;

(c) In Group 4—Talking Books for the Blind, Etc., the following note shall be added:—

“*Note:* In items 1 and 2 the supply respectively described therein includes the supply of services of the letting on hire of goods comprised in the items.”;

(a) 1972 c. 41.

(b) 1977 c. 36.

(c) 1889 c. 63.

(d) The relevant amending instrument is S.I 1976/128 (1976 I, p.367).

- (d) In Group 10—Transport, the following amendments shall be made. —
- (i) there shall be added the following items: —
- “11. The supply of services, performed outside the United Kingdom, which are ancillary to the transport of goods or passengers.
12. The supply to a person in his business capacity (and not in his private capacity) who as such belongs in a country other than the United Kingdom: —
- (a) of services consisting of the storage at or transport to or from a port or customs airport (within the meanings of the Customs and Excise Act 1952(a)) of goods which respectively are to be exported or have been imported or of the handling or storage of such goods in connection with such transport; or
- (b) of services comprised in paragraph (a) of item 6, item 9 or paragraph (a) of item 10.”;
- (ii) in item 10 the words “items 1 to 9” shall be deleted and there shall be substituted therefor the words “items 1 to 9, 11 and 12”;
- (iii) note (2) shall be deleted and there shall be substituted therefor the following: —
- “(2) In items 1 and 2 “The supply” of a ship or aircraft, respectively comprised therein, includes the supply of any services under a charter of that ship or aircraft.”;
- (iv) in note (4) the words “For the purposes of this Group” shall be deleted and there shall be substituted therefor “Except for the purposes of item 12”;
- (v) there shall be added the following three notes: —
- “(5) In items 1, 2 and 3 the supply respectively described therein includes the supply of the service of the letting on hire of craft comprised in the items.
- (6) Item 6 does not include the supply of the service of the letting on hire of goods which supply would otherwise be a supply described therein.
- (7) Item 12 applies only if the recipient would be treated as belonging in a country other than the United Kingdom if, for the purposes of section 8A of this Act, the rules contained therein were applied to him.”;
- (e) In Group 11—Caravans and Houseboats, there shall be added the following item: —
- “3. The supply of services, in respect of a caravan or a houseboat comprised respectively in items 1 and 2, described in paragraph 1(1) or 5(3) of Schedule 2 to this Act.”;
- and the words “Items 1 and 2 do not include” contained in the note shall be deleted and there shall be substituted therefor the words “This Group does not include”;
- (f) In Group 14—Drugs, Medicines and Surgical Appliances, Etc., the following amendments shall be made: —

(a) 1952 c. 44.

(i) in item 1 the words “or the dentists’ register.” shall be deleted and there shall be substituted therefor a comma and the following words:—

“the dentists’ register or the list of visiting EEC practitioners.”;

(ii) in item 2 the words “or the register of temporarily registered medical practitioners” shall be deleted and there shall be substituted therefor a comma and the following words:—

“the register of temporarily registered medical practitioners or the list of visiting EEC practitioners”;

(iii) note (3) shall be deleted and there shall be substituted therefor:—

“(3) In item 3 “chronically sick or disabled person” shall include only a person who, as a chronically sick or disabled person, is under the care of a person registered in the register of medical practitioners, the register of temporarily registered medical practitioners or the list of visiting EEC practitioners.”;

(iv) There shall be added the following two notes:—

“(4) In items 1, 2 and 3 the supply respectively described therein includes the supply of the services of the letting on hire of goods comprised in the items.

(5) For the purposes of this Group a person, who is not registered in the list mentioned in this Group at the time he performs services in an urgent case as mentioned in paragraph 3 of Article 7 of the Medical Qualifications (EEC Recognition) Order 1977(a), is to be treated as being registered on that list where, but for the aforementioned urgency of the case, he is capable of being registered in accordance with that Article.”;

(g) In Group 16—Charities, Etc., note (1) shall be deleted and there shall be substituted therefor the following note:—

“(1) Where the goods have been donated from his stock in trade by a taxable person item 1 shall only apply to the extent that the cost of the goods to him did not exceed £10.”;

(h) In Group 17—Clothing and Footwear, the following note shall be added:—

“(3) Items 1, 2 and 3 include the supply of services, in respect of goods comprised in the items, described in paragraph 1(1) or 5(3) of Schedule 2 to this Act.”.

4. Schedule 5 to the Finance Act 1972 as amended shall be varied as follows:—

(a) In Group 3—Postal Services, the note shall be deleted and the following two notes shall be substituted therefor:—

“Notes:

(1) “Postal packet” has the same meaning as in the Post Office Act 1953(b), except that it does not include a telegram.

(a) S.I. 1977/827 (1977 II, p. 2302).

(b) 1953 c. 36.

(2) Item 2 does not include the supply of the service of the letting on hire of goods which supply would otherwise be a supply described therein.”;

(b) In Group 7—Health, the following amendments shall be made:—

(i) in paragraph (a) of item 1 the word “or” shall be deleted and there shall be substituted therefor a comma; and the semi-colon shall be deleted and there shall be substituted therefor the following:—

“or a person registered in the list of visiting EEC practitioners;”;

(ii) there shall be added the following notes:—

“Notes:

(1) Item 1 does not include the supply of the service of the letting on hire of goods other than such a supply which is in connection with a supply of other services comprised in the item.

(2) For the purposes of this Group a person, who is not registered in the list mentioned in item 1 at the time he performs services in an urgent case as mentioned in paragraph 3 of Article 7 of the Medical Qualifications (EEC Recognition) Order 1977, is to be treated as being registered on that list where, but for the aforementioned urgency of the case, he is capable of being registered in accordance with that Article.

(3) Item 3 does not include the supply of the service of the letting on hire of goods.”.

T. E. Graham,

David Stoddart,

Two of the Lords Commissioners
of Her Majesty’s Treasury.

1st November 1977.

EXPLANATORY NOTE

(This Note is not part of the Order.)

1. This Order varies Schedules 4 and 5 to the Finance Act 1972 to take account of technical amendments to the value added tax law made in the Finance Act 1977 and it makes other changes to Groups 10, 14 and 16 of Schedule 4 and to Group 7 of Schedule 5.

2. Hitherto the hiring and loan of goods have been treated as supplies of goods; by virtue of the Finance Act 1977 these supplies have become supplies of services. The purpose of the Order is to make the amendments necessary following this change in the law in order to maintain zero-rating of the relevant supplies in Groups 1, 3, 4, 10, 11, 14 and 17 of Schedule 4 and to maintain exemption of such supplies in Group 7 of Schedule 5. The Order zero-rates the transfer of a part interest in goods in Groups 1, 3, 11 and 17 of Schedule 4. It also continues certain exclusions from zero-rating and exemption respectively by amendments to Group 10 of Schedule 4 and to Group 3 of Schedule 5.

3. Other changes are to add to Group 10 of Schedule 4, item 11 which zero-rates certain services ancillary to transport when performed outside the United Kingdom and item 12 which zero-rates certain services to overseas traders.

4. The amendment to Note (1) to Group 16 of Schedule 4 maintains the right of an eligible charity to supply at the zero rate goods donated to it by a taxable person from his stock in trade for resale by the charity, provided the cost of goods to the donor did not exceed £10.

5. Changes in Group 14 of Schedule 4 and Group 7 of Schedule 5 are consequent upon legislation permitting certain medical practitioners who qualified in other member states of the European Economic Community to practise professionally when visiting the United Kingdom provided their names are included in a special list kept by the General Medical Council. This Order permits the relief by exemption under item 1(a) of Group 7 of Schedule 5 of medical services (and associated goods) provided by such medical practitioners, and permits the reliefs by zero-rating under items 1, 2 and 3 of Group 14 of Schedule 4 when the relevant prescription or order is signed by such a practitioner or when a chronically sick or disabled person is under his care.

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