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STATUTORY INSTRUMENTS

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**1990 No. 750**

**VALUE ADDED TAX**

**The Value Added Tax (Charities) Order 1990**

*Made* - - - - 26th March 1990  
*Laid before the House of*  
*Commons* - - - - 28th March 1990  
*Coming into force* - - 1st May 1990

The Treasury, in exercise of the powers conferred on them by sections 16(4) and 48(6) of the Value Added Tax Act 1983(1) 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 (Charities) Order 1990 and shall come into force on 1st May 1990.
2. Group 16 (charities, etc.) of Schedule 5 to the Value Added Tax Act 1983(2) shall be varied in accordance with the following articles of this Order.
3. At the end of item 1 there shall be added the words “or the supply of such goods by a taxable person who has covenanted by deed to give all the profits of that supply to such a charity.”.
4. At the end of item 2 there shall be added the words “or by a taxable person described in that item.”.
5. At the end of item 8 there shall be added the words “or the supply to a charity of any goods or services in connection with the preparation of such an advertisement.”.
6. For Note (1) there shall be substituted the following Note:

“(1) Item 1 shall apply only if the supply is a sale of goods donated to that charity or taxable person.”.
7. In Note (4)(a):
  - (a) after the word “sterilising” there shall be inserted the word “, laboratory”,
  - (b) the word “solely” shall be deleted,
  - (c) after the word “research,” there shall be inserted the word “training.”.
8. In Note (4)(c), for the words “parts and accessories designed solely for use” there shall be substituted the words “parts or accessories for use”.

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(1) 1983 c. 55.

(2) Relevant variations of Group 16 were made by S.I.1986/530, 1987/437, 1989/470.

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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26th March 1990

*David Lightbown*  
*Kenneth Carlisle*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order varies, with effect from 1st May 1990, items 1, 2 and 8 of and Notes (1) and (4) to Group 16 of Schedule 5 to the Value Added Tax Act 1983 (c. 55).

Article 3 of the Order applies the zero rate in item 1 to the sale of donated goods by any taxable person (such as a trading company) covenanting all the profits of his business to a charity described in that item.

Article 4 of the Order applies the zero rate in item 2 to the donation of any goods for sale or export to a taxable person covenanting all profits to an eligible charity.

Article 5 of the Order extends the zero rate in item 8 for printed media advertising supplied to charities for raising money for their work or for making known their aims and objectives. VAT relief will apply to any related preparatory work, as well as to the supply of publishing of an advertisement.

Article 6 of the Order amends Note (1) so that zero-rating applies only if the goods for sale have been donated to an eligible charity or a taxable person covenanting all profits to such a charity.

Article 7 of the Order amends Note (4)(a) to widen the definition of “relevant goods” so that:

- (a) it includes laboratory equipment bought out of charitable funds or from voluntary contributions;
  - (b) it is not restricted to goods capable of being used only in a specific context;
  - (c) it includes training among the uses to which the goods may be put.
- Article 8 of the Order amends Note (4)(c) to remove the requirement that parts and accessories must have specialist design features to be zero-rated with the relevant goods.