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STATUTORY INSTRUMENTS

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**1993 No. 2951**

**VALUE ADDED TAX**

**The Value Added Tax (Cars) (Amendment) Order 1993**

*Made* - - - - *30th November 1993*  
*Laid before the House of*  
*Commons* - - - - *30th November 1993*  
*Coming into force* - - *1st January 1994*

The Treasury, in exercise of the powers conferred on them by sections 3(5), 18(1), 18(2), 18(3), 18(4), 18(5) and 18(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 (Cars) (Amendment) Order 1993 and shall come into force on 1st January 1994.
2. The Value Added Tax (Cars) Order 1992(2) shall be amended as follows—
  - (a) in article 6(1)(d), delete—  
“who is not a taxable person on”  
and substitute—  
“under an agreement which imposes a”.
  - (b) after article 6(1) insert—  
“(1A) Where a motor car has been used for the purpose described in paragraph (1) (d) above and the person to whom it is let on hire uses it in breach of the condition, paragraph (1) above shall apply as if the motor car had been used by the taxable person for the purpose of any business carried on by him primarily for a purpose other than one of the purposes described in sub-paragraph (1)(a) to (d) above.”;
  - (c) in article 8(2)(e)(iv), delete—  
“who is not a taxable person on”  
and substitute—  
“under an agreement which imposes a”.

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(1) 1983 c. 55; section 3(5) was amended by paragraph 4(2) of Schedule 3 to the Finance (No. 2) Act 1992 (c. 48); sub-sections (3) and (4) of section 18 were amended by paragraphs 19(1) and (2) of that Schedule.  
(2) S.I. 1992/3122.

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**Status:** This is the original version (as it was originally made).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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30th November 1993

*Tim Wood*  
*Timothy Kirkhope*  
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, which comes into effect on 1 January 1994, amends the scope of the Value Added Tax (Cars) Order 1992 concerning the treatment for value added tax purposes of new and used motor cars. It amends Article 6 of that Order which concerns the self-supply of a motor car where an input tax deduction has been taken. It also amends Article 8 which concerns the output tax relief for second-hand motor cars.

Businesses leasing cars to private taxi firms, self-drive hire firms and driving schools are able to reclaim the tax on purchases of motor cars for this purpose. The Order ensures that tax is charged on the full selling price of these cars when sold by those businesses in their turn, by disapplying the margin relief in Article 8 (whereby the consideration for the sale is the excess of the selling price over the purchase price, if any). The Order also creates a self-supply where an input tax deduction has been taken, but the car has been put to a non-qualifying use.