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STATUTORY INSTRUMENTS

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**1997 No. 1615**

**VALUE ADDED TAX**

**The Value Added Tax (Cars) (Amendment) Order 1997**

<i>Made</i>	- - - -	<i>2nd July 1997</i>
<i>Laid before the House of Commons</i>	- - - -	<i>2nd July 1997</i>
<i>Coming into force</i>	- -	<i>3rd July 1997</i>

The Treasury, in exercise of the powers conferred on them by section 50A of the Value Added Tax Act 1994<sup>(1)</sup> and of all other powers in that behalf, hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Cars) (Amendment) Order 1997 and shall come into force on 3rd July 1997.

2. The Value Added Tax (Cars) Order 1992<sup>(2)</sup> shall be amended in accordance with the following provisions of this Order.

3. For article 8(2)(c) there shall be substituted—

“(c) a transaction except one relating to the transfer of the assets of a business or part of a business as a going concern which was treated by virtue of any Order made or having effect as if made under section 5(3) of the Act or under the corresponding provisions of the Manx Act as being neither a supply of goods nor a supply of services.”.

4. After article 8(2)(c) there shall be inserted—

“(d) a transaction relating to the transfer of the assets of a business or part of a business as a going concern which was treated as neither a supply of goods nor a supply of services if the transferor took possession of the goods in any of the circumstances described in this paragraph.”.

2nd July 1997

*Bob Ainsworth*  
*Graham Allen*  
Two of the Lord Commissioners of Her Majesty's  
Treasury

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(1) 1994 c. 23; section 50A was inserted by section 24 of the Finance Act 1995 (c. 4).  
(2) S.I. 1992/3122; amended by S.I. 1995/1269, S.I. 1995/1667.

**Status:** This is the original version (as it was originally made).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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## EXPLANATORY NOTE

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

This Order, which comes into force on 3rd July 1997, amends the Value Added Tax (Cars) Order 1992 (S.I.1992/3122) (“the principal Order”) as amended by the Value Added Tax (Cars) (Amendment) Order 1995 (S.I. 1995/1269) and the Value Added Tax (Cars) (Amendment) (No. 2) Order 1995 (S.I. 1995/1667).

Articles 3 and 4 amend article 8 of the principal Order which specifies the circumstances in which a taxable person may opt to account for VAT on the sale of a used motor car on the profit margin (“the margin scheme”) as opposed to the full sale value of the car. Article 3 removes from the qualifying circumstances cars obtained by the taxable person upon the transfer of a going concern (“TOGC”) of a business, or part of a business. Article 4 however preserves the right of the transferee to use the margin scheme for cars obtained under a TOGC if the transferor was qualified to sell them under the margin scheme.