
STATUTORY INSTRUMENTS

1999 No. 3117

VALUE ADDED TAX

The Value Added Tax (Terminal Markets) Order 1999

<i>Made</i>	- - - -	<i>19th November 1999</i>
<i>Laid before the House of Commons</i>	- - - -	<i>22nd November 1999</i>
<i>Coming into force</i>	- -	<i>1st January 2000</i>

The Treasury, in exercise of the powers conferred on them by sections 50 and 55(6) of the Value Added Tax Act 1994⁽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 (Terminal Markets) Order 1999 and shall come into force on 1st January 2000 and shall have effect in relation to supplies made on or after that date.
2. The Value Added Tax (Terminal Markets) Order 1973⁽²⁾ shall be amended in accordance with articles 3 to 8 below.
3. In article 2(2) for “the London Gold Market” there shall be substituted “the London Bullion Market” and the words “the London Silver Market” shall be deleted.
4. After article 2(3) there shall be inserted—

“(4) Notwithstanding paragraph 3 above, for the purposes of this Order a person is to be regarded as being a member of the London Bullion Market only if that person is a member of the London Bullion Market Association.”.
5. After article 2(4) there shall be inserted—

“(5) In this Order—
“investment gold” has the same meaning as that expression has for the purposes of Group 15 of Schedule 9 to the Value Added Tax Act 1994;
“the Act” means the Value Added Tax Act 1994.”.
6. In article 3(1)(a) after the word “goods” there shall be inserted “, other than investment gold,”.
7. In article 3(1)(c) after the word “made” there shall be inserted “, or where a supply of a description falling within article 4 or 5 below is made,”.

(1) 1994 c. 23.

(2) S.I. 1973/173; relevant amending instruments are S.I. 1980/304; 1981/955; 1985/1046.

8. After article 3 there shall be added—

“4. Supplies between taxable persons which but for Note 4(a) to Group 15 of Schedule 9 to the Act (exemption for investment gold) would have fallen within that Group are hereby zero-rated.

5. Subject to articles 6 and 7 below, section 55(1) to (4) of the Act (customers to account for tax on supplies of gold) shall apply to any supply between taxable persons which but for Note 4(b) to Group 15 of Schedule 9 to the Act would have fallen within that Group.

6. Subject to article 7 below, where a taxable person who is not a member of the London Bullion Market Association makes or receives a supply falling within the description in article 5 is liable to be registered under Schedule 1 or under Schedule 3 to the Act solely by virtue of that supply or acquisition, paragraphs 5 to 8 of Schedule 1 or paragraph 3 of Schedule 3 to the Act (notification of liability and registration) shall not apply.

7. Notwithstanding section 55(2) of the Act, where articles 5 and 6 above apply, it shall be for the London Bullion Market Association member, on the non-member’s behalf, to keep a record of the supplies and to pay to the Commissioners of Customs and Excise the net amount of VAT, and not for the person who is not a member.”.

*Bob Ainsworth
David Jamieson*

Two of the Lords Commissioners of Her
Majesty’s Treasury

19th November 1999

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 1st January 2000, further amends the Value Added Tax (Terminal Markets) Order 1973 (S.I.1973/173) (“the principal Order”) and extends its provisions in respect of certain supplies involving “investment gold” as defined in a new article 2(5) of the principal Order. This Order affects only certain supplies involving members of the London Bullion Market Association (LBMA).

The Order implements the special procedure for transactions on a regulated bullion market permitted by Council Directive 98/80/EC 12th October 1998—Special scheme for investment gold—amending Council Directive 77/388/EEC. The amending Directive enacts the existing procedure formerly permitted by derogation under Article 27 of Council Directive 77/388/EEC.

Article 3 replaces out-dated references in the principal Order to the London Gold Market and the London Silver Market with a new reference to “the London Bullion Market”.

Article 4 defines members of the London Bullion Market as members of the LBMA.

Article 5 defines the term “the Act” as meaning the Value Added Tax Act 1994 and defines “investment gold” as having the same meaning as in Group 15 of Schedule 9 to the Act.

Article 6 removes supplies involving investment gold from the scope of article 3(1)(a) of the principal Order so that they are no longer zero-rated under that article.

Article 7 amends article 3(1)(c) in order to maintain the current zero-rating for supplies of services made by members of the LBMA when they act as agents in respect of supplies of investment gold.

Article 8 adds to the principal Order new articles 4-7. New article 4 zero rates supplies involving investment gold between members of the LBMA. New article 5 applies section 55(1)-(4) of the Act (customers to account for tax on supplies of gold) to certain supplies involving investment gold between LBMA members and other taxable persons who are not LBMA members. New article 6 removes the requirement for a person who is not a member of the Market, who has become liable to register for VAT solely because of his dealings in investment gold with members from having to notify his liability to be registered. New article 7 transfers VAT recording and payment obligations from the non-member to the member.