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STATUTORY INSTRUMENTS

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**2002 No. 1101**

**VALUE ADDED TAX**

**The Value Added Tax (Construction of Buildings) Order 2002**

<i>Made</i>	- - - -	<i>17th April 2002</i>
<i>Laid before the House of Commons</i>	- - - -	<i>17th April 2002</i>
<i>Coming into force</i>	- -	<i>1st June 2002</i>

The Treasury, in exercise of the powers conferred on them by section 30(4) 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 (Construction of Buildings) Order 2002 and comes into force on 1st June 2002.
2. In Note (17) to Group 5 of Schedule 8 to the Value Added Tax Act 1994(2)—
  - (a) for “where an annexe is intended for use solely for a relevant charitable purpose and” substitute “where the whole or a part of an annexe is intended for use solely for a relevant charitable purpose and”; and
  - (b) at the beginning of paragraph (a) insert “the annexe”.

17th April 2002

*Tony McNulty*  
*Anne McGuire*  
Two of the Lord’s Commissioners of Her  
Majesty’s Treasury

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(1) 1994 c. 23.

(2) Note (17) to Group 5 of Schedule 8 was added when the whole of that Group was substituted by S.I.1995/280.

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## EXPLANATORY NOTE

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

This Order amends Note (17) to Group 5 of Schedule 8 to the Value Added Tax Act 1994.

Group 5 of Schedule 8 applies the zero rate of VAT to various supplies relating to buildings, including certain supplies in connection with the construction of a building that is intended for use solely for a relevant charitable purpose. Note (16) to the Group describes building works which are not to be regarded as the construction of a building for this purpose. Paragraph (c) excludes the construction of an annexe to an existing building, but subject to Note (17). Note (17) describes the conditions under which the construction of an annexe to an existing building can be regarded as the construction of a building. One of the conditions is that the annexe is intended for use solely for a relevant charitable purpose.

This Order amends that condition in Note (17) so that, providing the other conditions in the Note are met, the construction of an annexe can be regarded as the construction of a building when only part of it is intended to be used solely for a relevant charitable purpose. In conjunction with Note (10), which provides for apportionment of supplies between the zero and standard rates, this will allow zero-rating for the appropriate supplies made in connection with that part of the annexe.