

2003 No. 1055

VALUE ADDED TAX

**The Value Added Tax (Supply of Services) (Amendment)
Order 2003**

Made - - - - - 9th April 2003

Laid before the House of Commons 9th April 2003

Coming into force - - 10th April 2003

Approved by the House of Commons

The Treasury, in exercise of the powers conferred on them by section 5(4) of the Value Added Tax Act 1994(a) 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 (Supply of Services) (Amendment) Order 2003 and comes into force on 10th April 2003 in relation to supplies made to a taxable person on or after that date.
2. The Value Added Tax (Supply of Services) Order 1993(b) is amended as follows.
3. At the end of article 3, before the full stop insert “, except for the purposes of determining whether tax on the supply of the services to him is input tax of his under section 24 of the Act”.
4. After article 3 insert—
 - 3A. For the purposes of this Order, references to services supplied to a person include references to supplies of—
 - (a) a major interest in land,
 - (b) any building or part of a building,
 - (c) any civil engineering work or part of such a work, or
 - (d) any goods incorporated or to be incorporated in a building or civil engineering work (whether by being installed as fixtures or fittings or otherwise).
 - 3B. Where article 3 above applies in relation to supplies of goods falling within any of paragraphs (a) to (d) of article 3A above, the person shall be treated as supplying a service of making the goods available, and the other articles of this order shall apply with appropriate modifications.”.

*Jim Fitzpatrick
John Heppell*

Two of the Lord Commissioners
of Her Majesty's Treasury

9th April 2003

(a) 1994 c. 23.

(b) S.I. 1993/1507; relevant amending instrument is S.I. 1995/1668.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 10th April 2003, further amends the Value Added Tax (Supply of Services) Order (S.I. 1993/1507) (“the principal Order”). These changes are being made in conjunction with changes to paragraph 5 of Schedule 4 to the Value Added Tax Act 1994.

The principal Order treats a person as making a supply of services when he puts services he has received to a private or non-business use. This only applies if he recovered VAT on his purchase of the services on the basis that they were to be used wholly for business purposes.

Article 1 applies the changes only in respect of supplies that the taxable person receives on or after 10th April 2003. There is no change in respect of supplies received before that date, even if the change of use occurs on or after that date.

Article 3 amends the principal Order to clarify that it cannot be used to recover VAT on purchases where that VAT would otherwise not be input tax (ie not VAT incurred for business purposes). Thus the principal Order cannot be used to avoid making a business/non-business apportionment of input tax, and to recover VAT in full on purchases.

Article 3A extends the application of the principal Order to major interests in land and land-related supplies of goods. The changes mirror the exclusion of these assets from Paragraph 5(4) of Schedule 4 to the Value Added Tax Act 1994. As a result, the principal Order will apply to changes of use of these assets from business use to private or non-business use, including partial changes of use. Where the principal Order is applied to a change of use of goods as a result of this amendment, article 3B treats the change of use as giving rise to a supply of a service of making the goods available for the private or non-business use.

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