

2004 No. 777

VALUE ADDED TAX

The Value Added Tax (Reduced Rate) Order 2004

Made - - - - - *17th March 2004*

Laid before the House of Commons *17th March 2004*

Coming into force - - - *1st June 2004*

The Treasury, in exercise of the powers conferred on them by section 29A of the Value Added Tax Act 1994(a), hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Reduced Rate) Order 2004 and comes into force on 1st June 2004.
2. Group 2 of Schedule 7A to the Value Added Tax Act 1994(b) is amended as follows.
3. In paragraph 1 of the Notes after paragraph (g) insert—
“(h) ground source heat pumps.”.

17th March 2004

John Heppell
Nick Ainger
Two of the Lords Commissioners
Of Her Majesty's Treasury

(a) 1994 c.23; section 29A was inserted by section 99(4) of the Finance Act 2001 (c.9).

(b) Schedule 7A was inserted by section 99(5) of, and Schedule 31 to, the Finance Act 2001. Schedule 7A applies in place of Schedule A1 in relation to supplies made, and acquisitions and importations taking place, on or after 1st November 2001.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 1st June 2004, amends Group 2 of Schedule 7A to the Value Added Tax Act 1994 (“Group 2”). Schedule 7A contains the Groups of supplies that are subject to the reduced rate of VAT of 5%.

Article 3 of the Order amends Group 2 (installation of energy-saving materials). Paragraph (h) is added to the list in paragraph 1 of the Notes to extend the reduced rate to supplies of the services of installing ground source heat pumps in certain buildings and to supplies of the ground source heat pumps so installed.

By virtue of items 1 and 2 of Group 2, the installation must be in residential accommodation or in a building intended for use solely for a relevant charitable purpose.

A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business, charities or voluntary bodies.

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