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STATUTORY INSTRUMENTS

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**2006 No. 869**

**VALUE ADDED TAX**

**The Value Added Tax (Special Provisions) (Amendment) Order 2006**

<i>Made</i>	- - - -	<i>22nd March 2006</i>
<i>Laid before the House of Commons</i>	- - - -	<i>22nd March 2006</i>
<i>Coming into force</i>	- -	<i>13th April 2006</i>

The Treasury make the following Order in exercise of the powers conferred by section 5(3) of the Value Added Tax Act 1994 **(1)**:

**1.** This Order may be cited as the Value Added Tax (Special Provisions) (Amendment) (No.2) Order 2006 and comes into force on 13th April 2006 in relation to finance agreements entered into on or after that date.

**2.** The Value Added Tax (Special Provisions) Order 1995**(2)** (“ the principal Order”) is amended as follows.

**3.** After article 4(1) insert—

“(1A) Paragraph (1)(a) above shall not apply where adjustment, whether or not made under regulation 38 of the Value Added Tax Regulations 1995**(3)**, has taken account, or may later take account, of VAT on the initial supply under the finance agreement as a result of repossession and the goods delivered under that agreement were delivered on or after 1st September 2006.”

**4.** For the purposes of article 1 above, “ finance agreement” has the meaning given in article 2(1) of the principal Order.

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**(1)** 1994 c. 23.

**(2)** S.I. 1995/1268 to which there are amendments not relevant to this Order.

**(3)** S.I. 1995/2518 as amended by S.I. 1997/1086.

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**Status:** This is the original version (as it was originally made).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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22nd March 2006

*Tom Watson*  
*Dave Watts*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

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## EXPLANATORY NOTE

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

This Order, which comes into force on 13th April 2006 amends the Value Added Tax (Special Provisions) Order 1995 (S.I. [1995/1268](#)) in relation to finance agreements entered into on or after that date.

Article 4(1)(a) of the Value Added tax (Special Provisions) Order 1995 treats as neither a supply of goods nor a supply of services, the disposal of relevant goods by a person who repossessed them under the terms of a finance agreement, provided certain conditions are met. Relevant goods are works of art, antiques and collector's items and second-hand goods.

Article 3 of this Order introduces an exception to this treatment where the supplier makes an adjustment to the consideration accounted for on the original sale, whether that adjustment is required to be made under regulation 38 of the Value Added Tax Regulations 1995 (S.I. [1995/2518](#)) or is made in any other way.

Article 3 of this Order also limits the application of this exception to agreements where the goods delivered under those agreements are delivered on or after 1st September 2006.

Article 4 defines what is a finance agreement for the purposes of this Order.

A full regulatory impact assessment of the effect that this instrument will have on the costs of business is available from H M Revenue and Customs, 100 Parliament Street, London SW1A 2BQ.