
STATUTORY INSTRUMENTS

2006 No. 874

VALUE ADDED TAX

The Value Added Tax (Cars) (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 (Cars) (Amendment) Order 2006 and shall come into force on 13th April 2006 in relation to finance agreements entered into on or after that date.
2. The Value Added Tax (Cars) Order 1992⁽²⁾ (“the principal Order”) is amended as follows.
3. After article 4(1A) insert—

“(1AA) Paragraph (1)(a) above shall not apply where adjustment, whether or not made under regulation 38 of the Value Added 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 motor car delivered under that agreement was 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.

22nd March 2006

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

(1) 1994 c. 23.
(2) S.I. 1992/3122; relevant amending instruments are S.I. 1995/1269, 1995/1667.
(3) S.I. 1995/2518 as amended by S.I. 1997/1086.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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 (Cars) Order 1992 (S.I.1992/3122) in relation to finance agreements entered into on or after that date.

Article 4(1)(a) of the Value Added Tax (Cars) Order 1992 treats as neither a supply of goods nor a supply of services, the disposal of a motor car by a person who repossessed it under the terms of a finance agreement, provided certain conditions are met.

Article 3 of this Order introduces an exception to this treatment where the supplier makes an adjustment in 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 motor cars delivered under those agreements are delivered on or after 1st September 2006.

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

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