

**EXPLANATORY MEMORANDUM TO**  
**THE VALUE ADDED TAX (REDUCED RATE) (CHILDREN'S CAR SEATS) ORDER**  
**2009**  
**2009 No. 1359**

**1.** This Explanatory Memorandum has been prepared by Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

This memorandum contains information for the Select Committee on Statutory Instruments.

**2. Purpose of the instrument**

2.1 This instrument extends the scope of the reduced rate of VAT for children's car seats to cover related base units for safety seats. The change takes effect on 1 July 2009.

**3. Matters of special interest to the Select Committee on Statutory Instruments**

3.1 None.

**4. Legislative Context**

4.1 This Order has been made by the Treasury in exercise of their powers under section 29A and section 96(9) of the Value Added Tax Act 1994.

4.2 Section 29A(3) provides that the Treasury may by order vary Schedule 7A by adding or deleting from it any description of supply or by varying any description of supply for the time being specified in it.

4.3 Section 29A(4) provides that the power to vary Schedule 7A conferred by subsection (3) may be exercised so as to describe a supply of goods or services by reference to matters unrelated to their characteristics and that, in the case of a supply of goods, those matters include, in particular, the use that has been made of the goods.

4.4 Section 96(9) provides that Schedule 7A shall be interpreted in accordance with the notes contained in the Schedule, and the power conferred by the Act to vary the Schedule includes a power to add to, delete or vary those notes.

4.5 Article 3 of this Order extends the reduced rate provided for in Group 5 of Part 2 of Schedule 7A (children's car seats) to supplies of related base units for safety seats by adding a new sub-paragraph (aa) to paragraph (1) of Note 1 to the Group.

4.6 Article 4 amends Note 2 to Group 5 by substituting a new paragraph (b) to specify that certain children's car seats can be restrained by a fitted base alone.

4.7 Article 5 adds a Note 2A to Group 5 to define the term "related base unit".

**5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

6.1 The Financial Secretary to the Treasury, The Rt Hon Stephen Timms MP, has made the following statement regarding Human Rights:

“In my view the provisions of the Value Added Tax (Reduced Rate) (Children’s Car Seats) Order 2009 are compatible with the Convention rights.”

## **7. Policy background**

7.1 In 2001 the Government introduced a reduced VAT rate for supplies of children’s car seats as part of its road safety strategy to reduce deaths and serious injuries of children involved in road accidents.

7.2 In 2006, the use of children’s car seats became a legal requirement. All children under 12 years old or 135cm in height must use the correct child seat/booster for their weight in the front and rear seats of cars, vans and other goods vehicles, with very few exceptions.

7.3 The traditional method for restraining children in cars is a children’s car seat which is designed to be fitted using a car’s adult lap and diagonal seat belt. Such a car seat does not come with a car seat base. However, recent advances in technology have resulted in new types of child restraint being introduced, with fitted car seat bases set to become the norm for safety seats.

7.4 In 2006 the Government made it compulsory for all new models of vehicles to be fitted with International Standards Organisation Fix (ISOFIX) points, the worldwide standard for installing children’s car seats into cars. ISOFIX points enable ISOFIX child seats to be simply plugged into the car.

7.5 Such systems provide a high level of safety as worldwide surveys indicate that ISOFIX child system seats are fitted correctly 96% of the time and belted base system child seats 73% of the time, compared with a 75% failure rate for traditional car seats.

7.6 Given the action taken by the Government, it will gradually become more difficult to find a safety seat that works without a base. New children’s car seats are starting to be produced that rely only on bases, rather than having the option of using adult seat belts.

7.7 This instrument rectifies an anomaly in the VAT treatment of children’s car seats, to reflect these recent advances in technology. It also applies to non-ISOFIX bases which are fitted in some older vehicles.

## **8. Consultation outcome**

8.1 Officials from HM Treasury and HM Revenue & Customs met with representatives of the Baby Products Association, who demonstrated how the base units work. The Association has welcomed the measure.

## **9. Guidance**

9.1 A Budget Note details the changes to the VAT reduced rate. VAT Public Notice 701/23 *Protective equipment* will be updated as soon as possible as will any relevant HMRC web content.

## **10. Impact**

10.1 An Impact Assessment has not been produced for this instrument as it has a negligible impact on business, charities or voluntary bodies.

10.2 The impact on the public sector is nil.

## **11. Regulating small business**

11.1 The legislation applies to small businesses and will benefit them. Those businesses affected will already be applying the reduced VAT rate to the supplies previously covered by Group 5 and will be aware of the products to which this instrument relates. The sole burden will be a one-off change to accounting systems.

## **12. Monitoring & review**

12.1 Success of this measure will be achieved by making base units more affordable. The change will provide financial assistance to parents of young children. No formal monitoring is planned.

## **13. Contact**

Bob Morrison at Her Majesty's Revenue and Customs Tel: 020 7147 0568 or email: [bob.morrison@hmrc.gsi.gov.uk](mailto:bob.morrison@hmrc.gsi.gov.uk) can answer any queries regarding the Instrument.