EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 1st November 2010, amends Schedule 8 of the Value Added Tax Act 1994 ("the Act") by omitting Group 17 "Emissions allowances" from Part 2 of that Schedule.

Part 2 of Schedule 8 ("the Schedule") contains the descriptions of goods and services which are, by virtue of section 30 of the Act, subject to the zero rate of VAT. It is subdivided into groups, each group containing descriptions of goods and services which fall within the generic description given in the title to the group. Each supply described is identified as a separate item within the group.

Group 17 contains only one item: "the supply of an emissions allowance" which is defined in Notes 1 to 4 to that group.

Article 2 omits Group 17 from the Schedule which has the effect that the supply of an emissions allowance is subject to the standard rate of VAT.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.