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STATUTORY INSTRUMENTS

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**1995 No. 3039**

**The Value Added Tax (Ships and Aircraft) Order 1995**

2. Group 8 (Transport) of Schedule 8(1) to the Value Added Tax Act 1994 shall be amended as follows—

(a) For Item 1 there shall be substituted—

“1. The supply, repair or maintenance of a qualifying ship or the modification or conversion of any such ship provided that when so modified or converted it will remain a qualifying ship.”;

(b) For Item 2 there shall be substituted—

“2. The supply, repair or maintenance of a qualifying aircraft or the modification or conversion of any such aircraft provided that when so modified or converted it will remain a qualifying aircraft.”;

(c) After Item 2 there shall be inserted—

“2A. The supply of parts and equipment, of a kind ordinarily installed or incorporated in, and to be installed, or incorporated in,—

- (a) the propulsion, navigation or communication systems; or
- (b) the general structure,

of a qualifying ship or, as the case may be, aircraft.

2B. The supply of life jackets, life rafts, smoke hoods and similar safety equipment for use in a qualifying ship or, as the case may be, aircraft.”;

(d) In Item 10—

- (i) at the end of paragraph (a) delete “or”;
- (ii) in paragraph (b) for “items 1 to 9 and 11” substitute “items 1 and 2, 3 to 9 and 11; or”; and
- (iii) after paragraph (b) insert—

“(c) the supply of any goods of a description falling within items 2A or 2B.”;

(e) Before Note (1) there shall be inserted—

“(A1) In this Group—

- (a) a “qualifying ship” is any ship of a gross tonnage of not less than 15 tons which is neither designed nor adapted for use for recreation or pleasure; and
- (b) a “qualifying aircraft” is any aircraft of a weight of not less than 8,000 kilogrammes which is neither designed nor adapted for use for recreation or pleasure.”;

(f) In Note (1) before the word “ship” where it first appears there shall be inserted the word “qualifying”;

- (g) In Note (2) after “2” there shall be inserted “, 2A, 2B”;
- (h) After Note (2) there shall be inserted—
  - “(2A) Items 2A and 2B do not include the supply of parts and equipment to a Government department unless—
    - (a) they are installed or incorporated in the course of a supply which is treated as being made in the course or furtherance of a business carried on by the department; or
    - (b) the parts and equipment are to be installed or incorporated in ships or aircraft used for the purpose of providing rescue or assistance at sea.”;
- (i) In Note (7) for the words “do not include the supply of any services where the ships or aircraft referred to in those paragraphs are of the descriptions specified in paragraphs (a) and (b) of item 1 or in paragraphs (a) and (b) of item 2” there shall be substituted “only include supplies of services where the ships or aircraft referred to in those paragraphs are qualifying ships or, as the case may be, aircraft.”.