

**1990 No. 751**

**VALUE ADDED TAX**

**The Value Added Tax (Tour Operators) (Amendment)  
Order 1990**

*Made - - - - - 26th March 1990*

*Laid before the House of Commons 28th March 1990*

*Coming into force 1st May 1990*

The Treasury, in exercise of the powers conferred on them by sections 6(6), 37A(1) and (2) of the Value Added Tax Act 1983<sup>(a)</sup> and of all other powers enabling them in that behalf, hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Tour Operators) (Amendment) Order 1990 and shall come into force on 1st May 1990.

2. The Value Added Tax (Tour Operators) Order 1987<sup>(b)</sup> shall be amended in accordance with the following articles of this Order.

3. In article 5—

(a) paragraph (3) shall be deleted and the following paragraphs shall be inserted:

“(3) Any supply by a tour operator, not being a designated travel service, of transport of persons or of services ancillary to such transport, shall be treated as being made in the country in which the services are performed to the extent that they are performed in that country.

(3A) For the purposes of paragraph (3), in determining the extent to which those services are performed in that country, the following shall be treated as performed wholly in that country:

(a) those services which are performed partly outside the territorial jurisdiction of that country, provided that the means of transport by which the services are performed does not put in at or land in another country;

(b) those services which are performed between places in that country in the course of a journey from—  
(i) that country to another country, or  
(ii) another country to that country,

notwithstanding that the services performed between those places are performed partly outside the territorial jurisdiction of that country.”;

(b) at the beginning of paragraphs (4) and (5) respectively there shall be inserted the words “Subject to paragraph (7),”;

(c) after paragraph (6) there shall be added the following paragraphs:

“(7) Paragraphs (3) and (3A) shall apply to any supply of goods or services comprised in a pleasure cruise as they apply to the services described therein,

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<sup>(a)</sup> 1983 c.55; s.37A was inserted by s.16(1) of the Finance Act 1987 (c.16).

<sup>(b)</sup> S.I. 1987/1806.

as if the reference in those paragraphs to performed were a reference to provided, the reference to services were a reference to goods or services, the reference to the means of transport by which the services are performed were a reference to the cruise ship upon board which the goods or services are provided, and the reference to journey were a reference to cruise.

(8) In this Order, "pleasure cruise" includes a cruise wholly or partly for the purposes of education or training."

4. In article 10—

(a) for the cross-heading and for paragraph (1) there shall be substituted the following:

**"Tax chargeable on certain designated travel services**

**10.—(1)** The application of the Value Added Tax Act 1983 shall, in relation to those supplies made by a tour operator, which are described in the following paragraphs, be modified in accordance with those paragraphs.

(1A) Where a tour operator acquires certain services, that is to say transport of passengers—

(a) within or outside the United Kingdom—

(i) in any vehicle, ship or aircraft designed or adapted to carry not less than twelve passengers, or

(ii) on any scheduled flight, or

(b) from a place within to a place outside the United Kingdom or vice versa

in order to supply them as a designated travel service or as part of such a service, the rate at which tax shall be charged shall be nil on that portion of the value of the designated travel service supplied which is attributable to those services.";

(b) in paragraph (2) before "Schedule 6" there shall be inserted "Group 6 of".

*David Lightbown*

*Kenneth Carlisle*

26th March 1990

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 amends, with effect from 1st May 1990, articles 5 and 10 of the Value Added Tax (Tour Operators) Order 1987.

Article 3(a) of this Order amends article 5(3) of the principal Order determining the place of supply of passenger transport. The rule for transport is extended to apply to services ancillary to that transport. New article 5(3A) of the principal Order deems certain passenger transport services performed outside a country to be performed in that country.

Article 3(c) of the Order applies the place of supply rule for passenger transport to pleasure and similar cruises.

Article 4 of this Order amends article 10 of the principal Order. Article 10 relieves from tax that portion of the value of a tour operator's designated travel service which is attributable to elements of the supply, being certain services which, but for the principal Order, would not otherwise be taxed. Such apportionment is applicable only to designated travel services which include the transport or education services described in article 10.

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