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STATUTORY INSTRUMENTS

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**1995 No. 2518**

**The Value Added Tax Regulations 1995**

**PART XIV**

**INPUT TAX AND PARTIAL EXEMPTION**

**Treatment of input tax attributable to exempt supplies as being attributable to taxable supplies**

**105. —**

(1) Subject to paragraphs (2) and (4) below, there shall be treated as attributable to taxable supplies any exempt input tax attributable to supplies of the following descriptions—

- (a) any deposit of money,
- (b) the grant of any lease or tenancy of, or any licence to occupy, any land where in any longer period—
  - (i) the input tax attributable to all such supplies by the grantor is less than £1,000, and
  - (ii) no exempt input tax is incurred by the grantor in respect of any exempt supply other than a supply of a description specified in this regulation,
- (c) any services comprised in item 3 of Group 2 of Schedule 9 to the Act,
- (d) services of arranging—
  - (i) any mortgage, or
  - (ii) any hire purchase, credit sale or conditional sale transaction, and
- (e) the assignment of any debt due to the assignor in respect of a supply of goods or services made by him.

(2) Paragraph (1) above shall not apply where the supply is made by the taxable person in the course of carrying on a business of, or a business similar to, any of the following—

- (a) a bank,
- (b) an accepting house,
- (c) an insurance company, agent or broker,
- (d) an investment trust or unit trust,
- (e) an investment company,
- (f) a Stock Exchange broker/dealer or share dealing company,
- (g) a trustee of a pension fund,
- (h) a unit trust management company,
- (i) a building society,
- (j) a discount house,
- (k) a finance house,

- (l) a friendly society,
- (m) a money lender,
- (n) a money broker,
- (o) a mortgage broker,
- (p) a pawnbroker,
- (q) a debt factor, or
- (r) a credit or charge card company.

(3) For the purpose of paragraph (2) above, a taxable person who carries on one or more of the businesses specified in that paragraph shall not be treated as having made the supply in the course of carrying on such a business if he made the supply exclusively in the course of carrying on a business which is not so specified.

(4) Paragraph (1) above shall not apply where the exempt input tax of the taxable person, excluding any exempt input tax attributable to supplies of the descriptions specified in that paragraph, cannot be treated as attributable to taxable supplies under regulation 106.

(5) In this regulation—

“supplies”, except in the expression “taxable supplies”, shall be construed as including supplies outside the United Kingdom which would be exempt if made in the United Kingdom, other than supplies specified in an Order under section 26(2)(c) of the Act, and “supply” shall be construed accordingly.