
STATUTORY INSTRUMENTS

1999 No. 593

The Value Added Tax (Buildings and Land) Order 1999

5. Paragraph 3A(1) shall be amended as follows—

- (a) in sub-paragraph (1) after “paragraph 2(3AA)” there shall be inserted “and (3AAA)”;
- (b) for sub-paragraph (2), there shall be substituted—

“(2) For the purposes of paragraph 2(3AA) and (3AAA) above, a grant made by any person in relation to any land is a grant made by a developer of that land if—

- (a) the land or building or part of a building on that land is an asset falling in relation to that person to be treated as a capital item for the purposes of any regulations under section 26(3) and (4) providing for adjustments relating to the deduction of input tax; or
- (b) that person or a person financing his development of the land for exempt use intended or expected that the land or a building or part of a building on, or to be constructed on, that land would become an asset falling in relation to—
 - (i) the grantor, or
 - (ii) any person to whom it was to be transferred either in the course of a supply or in the course of a transfer of a business or part of a business as a going concern,

to be treated as a capital item for the purposes of the regulations referred to in sub-paragraph (a) above,

unless the grant was made at a time falling after the expiry of the period over which such regulations require or allow adjustments relating to the deduction of input tax to be made as respects that item.”

- (c) in sub-paragraph (3) after “paragraph 2(3AA)” there shall be inserted “and (3AAA)”;
- (d) for sub-paragraph (6) there shall be substituted—

“(6) In sub-paragraph (4) above the references to the grantor’s development of the land are references to the acquisition by the grantor of the asset which—

- (a) consists in the land or a building or part of a building on the land, and
- (b) in relation to the grantor falls or, as the case may be, is intended or expected to fall to be treated for the purposes mentioned in sub-paragraph (2)(a) or (b) above as a capital item;

and for the purposes of this sub-paragraph the acquisition of an asset shall be taken to include its construction or reconstruction and the carrying out in relation to that asset of any other works by reference to which it falls or, as the case may be, is intended or expected to fall, to be treated for the purposes mentioned in sub-paragraph (2)(a) or (b) above as a capital item.”: and

- (e) in sub-paragraph (7),
 - (i) after “paragraph 2(3AA)” there shall be inserted “and (3AAA)”;

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and

- (ii) for “at a time falling within the period mentioned in sub-paragraph (2)(b) above”, there shall be substituted “at a time falling before the expiry of the period provided in regulations made under section 26(3) and (4) for the making of adjustments relating to the deduction of input tax as respects that land”.