
STATUTORY INSTRUMENTS

2002 No. 2918

The Value Added Tax (Amendment) (No. 3) Regulations 2002

4. After regulation 84(2) insert—

“(3) Paragraph (2) above shall not apply in relation to land—

- (a) which includes a new building or new civil engineering work;
- (b) which includes a building which has not been completed or a civil engineering work which has not been completed; or
- (c) on which the grantor intends or expects to construct a new building or new civil engineering work,

unless the conditions specified in paragraph (4) below are satisfied.

(4) The conditions referred to in paragraph (3) above are—

- (a) in relation to the land, the grantor has made an election under paragraph 2 of Schedule 10 to the Act (election to waive exemption) which has effect at the time the grant or assignment is made; and
- (b) sub-paragraph (3AA) of paragraph 2 of Schedule 10 to the Act does not prevent that election applying to supplies made under the grant or assignment.

(5) In the application of sub-paragraph (4)(b) above—

- (a) the land, building or civil engineering work (as the case may be) shall be treated as if it were a capital item subject to adjustments of input tax deduction under Part XV of these Regulations; and
- (b) the grantor shall be treated as if he were the owner of that capital item.

(6) Notes (2) and (4) to Group 1 of Schedule 9 to the Act shall apply in determining whether a building or civil engineering work is completed or new.

(7) For the purposes of paragraphs (3) to (6) above, a building does not include a building designed as a dwelling or number of dwellings, or intended for use solely for a relevant residential purpose or a relevant charitable purpose.

(8) Notes (4) to (6) to Group 5 of Schedule 8 to the Act shall apply in determining the meaning of use for a relevant residential purpose and use for a relevant charitable purpose.

(9) For the purposes of paragraphs (3) to (5) above, “grantor” includes anyone whom the grantor expects to acquire the right to receive all or part of the consideration which is not determinable at the time of the grant or assignment.”.