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STATUTORY INSTRUMENTS

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**2003 No. 1069**

**The Value Added Tax (Amendment) (No. 2) Regulations 2003**

**Supplies of land – special cases**

9. For regulation 84(3) to (9) substitute—

“(3) Paragraph (2) above shall not apply in relation to a grant or assignment falling within item 1(a) of Group 1 of Schedule 9 to the Act where any of the persons specified in paragraph (4) below intend or expect to occupy the land on a date before a date ten years after completion of the building or civil engineering work on the land, without being in occupation of it wholly or mainly for eligible purposes.

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

- (a) the grantor;
- (b) any person who, with the intention or in the expectation that occupation of the land on a date before a date ten years after completion of the building or civil engineering work would not be wholly or mainly for eligible purposes—
  - (i) provides finance for the grantor’s development of the land, or
  - (ii) has entered into any agreement arrangement or understanding (whether or not legally enforceable) to provide finance for the grantor’s development of the land;
- (c) any person who is connected with any person of a description within subparagraph (a) or (b) above.

(5) For the purposes of this regulation—

- (a) Note (2) to Group 1 of Schedule 9 to the Act shall apply in determining when a building or civil engineering work is completed;
- (b) paragraph 3A(8) to (13) of Schedule 10 to the Act shall have effect for determining the meaning of “eligible purposes” and “occupation”;
- (c) “the grantor’s development of the land” means any acquisition by the grantor of an interest in the land, building or civil engineering work and includes the construction of the building or civil engineering work;
- (d) “providing finance” has the same meaning as in paragraph 3A(4) of Schedule 10 to the Act, subject to any appropriate modifications, but does not include paying the consideration for the grantor’s grant or assignment within paragraph (3) above;
- (e) any question whether one person is connected with another shall be determined in accordance with section 839 of the Income and Corporation Taxes Act 1988(1).”.