

2006 No. 1472

VALUE ADDED TAX

The Value Added Tax (Reduced Rate) Order 2006

<i>Made</i>	- - - -	<i>6th June 2006</i>
<i>Laid before the House of Commons</i>		<i>7th June 2006</i>
<i>Coming into force</i>	- -	<i>1st July 2006</i>

The Treasury makes the following Order in exercise of the powers conferred by sections 29A and 96(9) of the Value Added Tax Act 1994(a):

1. This Order may be cited as the Value Added Tax (Reduced Rate) Order 2006 and comes into force on 1st July 2006.
2. Schedule 7A to the Value Added Tax Act 1994(b) is amended as follows.
3. In Part 1—
 - (a) after the entry for “Children’s car seats” insert—

“Contraceptive products..... Group 8”; and
 - (b) after the entry for “Residential conversions” insert—

“Welfare advice or information..... Group 9”.
4. In Part 2, after Group 7 (residential renovations and alterations)(c) insert the Groups 8 and 9 set out in the Schedule to this Order.

6th June 2006

Frank Roy
Dave Watts
Two of the Lords Commissioners of Her Majesty’s Treasury

(a) 1994 c. 23; section 29A was inserted by section 99(4) of the Finance Act 2001 (c.9).
(b) Schedule 7A was inserted by section 99(5) of, and Schedule 31 to, the Finance Act 2001. Schedule 7A applies in place of Schedule A1 in relation to supplies made, and acquisitions and importations taking place, on or after 1st November 2001. Schedule 7A has been amended but the amendments are not relevant to this Order save as described in footnote (c).
(c) The title of Group 7 was changed to “residential renovations and alterations” by S.I. 2002/1100 which also made other amendments that are not relevant to this Order.

SCHEDULE

NEW GROUPS 8 AND 9 OF SCHEDULE 7A TO THE VALUE ADDED TAX ACT 1994

GROUP 8 — CONTRACEPTIVE PRODUCTS

ITEM NO.

1. Supplies of contraceptive products, other than relevant exempt supplies.

NOTES:

Meaning of “contraceptive products”

1 In this Group “contraceptive product” means any product designed for the purposes of human contraception, but does not include any product designed for the purpose of monitoring fertility.

Meaning of “relevant exempt supplies”

2 In this Group “relevant exempt supplies” means supplies which fall within item 4 of Group 7 of Schedule 9 (exempt supplies of goods in any hospital etc. in connection with medical or surgical treatment etc.).

GROUP 9 — WELFARE ADVICE OR INFORMATION

ITEM NO.

1. Supplies of welfare advice or information by—
 - (a) a charity, or
 - (b) a state-regulated private welfare institution or agency.

NOTES:

Meaning of “welfare advice or information”

1 In this Group “welfare advice or information” means advice or information which directly relates to—

- (a) the physical or mental welfare of elderly, sick, distressed or disabled persons, or
- (b) the care or protection of children and young persons.

Meaning of “state-regulated”

2 For the purposes of this Group “state-regulated” has the same meaning as in Group 7 (health and welfare) of Schedule 9 (see Note (8) of that Group).

Supplies not included in item 1

- 3 Item 1 does not include—
 - (a) supplies that would be exempt by virtue of Group 6 of Schedule 9 (education) if they were made by an eligible body within the meaning of that Group,
 - (b) supplies of goods, unless the goods are supplied wholly or almost wholly for the purpose of conveying the advice or information, or

- (c) supplies of advice or information provided solely for the benefit of a particular individual or according to his personal circumstances.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 1st July 2006, amends Schedule 7A to the Value Added Tax Act 1994. Part 2 of that Schedule contains the Groups of supplies of goods and services that are subject to the reduced rate of VAT of 5% and Part 1 of that Schedule contains the Index to those Groups.

Article 3 of the Order adds new Groups 8 (contraceptive products) and 9 (welfare advice or information) to the Index in Part 1 of Schedule 7A.

Article 4 and the Schedule to the Order add new Groups 8 and 9 to Part 2 of Schedule 7A. The new Group 8 extends the reduced rate to qualifying supplies of contraceptive products. Supplies which fall within item 4 of Group 7 (health and welfare) of Schedule 9 (exemptions) to the Value Added Tax Act 1994 are not included. “Contraceptive products” do not include products which are designed for the purpose of monitoring fertility.

The new Group 9 extends the reduced rate to supplies of welfare advice or information provided by a charity or a state-regulated welfare institution or agency. Notes 1 and 2 to Group 9 define “welfare advice or information” and “state-regulated”. The supplies described in Note 3 are excluded from the reduced rate.

A full regulatory impact assessment of the effect that new Group 8 (contraceptive products) will have on the costs of business is available at www.hmrc.gov.uk. A regulatory impact assessment has not been prepared in respect of new Group 9 (welfare advice or information) as it will only have a negligible impact on business, charities or voluntary bodies.

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