
STATUTORY INSTRUMENTS

2006 No. 2187

VALUE ADDED TAX

The Value Added Tax (Treatment of Transactions and Special Provisions) (Amendment) Order 2006

Made - - - - 9th August 2006
Laid before the House of
Commons - - - - 10th August 2006
Coming into force - - 1st September 2006

The Treasury make the following Order in exercise of the powers conferred by sections 5(3), 50A and 97(5) of the Value Added Tax Act 1994(1):

1. This Order may be cited as the Value Added Tax (Treatment of Transactions and Special Provisions) (Amendment) Order 2006 and comes into force on 1st September 2006.

2.—(1) In article 3(1) of the Value Added Tax (Treatment of Transactions) Order 1995(2), omit “and paragraph 1(a) or (c) (as the case may require) and paragraphs 2 and 3 of Article 682 of Commission Regulation (EEC) No 2454/93(3)”.

(2) In article 3(2) of that Order, after “paragraph (3)” insert “and article 4”.

(3) After article 3 of that Order, insert—

“4.—(1) Article 3(1) does not apply where—

- (a) any goods falling within paragraph (2) are sold by auction at a time when they are subject to the procedure specified in paragraph (3), and
- (b) arrangements made by or on behalf of the purchaser of the goods following the sale by auction result in the importation of the goods from a place outside the member States.

(See section 21(2A) of the Value Added Tax Act 1994(4).)

(2) The goods that fall within this paragraph are—

- (a) any work of art;

(1) 1994 c. 23; section 50A was inserted by section 24(1) of the Finance Act 1995 (c. 4).

(2) S.I. 1995/958, amended by S.I. 1999/3119.

(3) OJ No L 253, 11.10.93, p 1, amended by Commission Regulation (EC) No 993/2001 (OJ No L 141, 28.5.01, p 1); there are other amending instruments but none is relevant.

(4) Sections 21(2A) and 21(2B) were inserted and brought into force by section 18 of the Finance Act 2006 (c. 25) and S.I. 2006/2149 (C. 72).

- (b) any antique, not falling within sub-paragraph (a) or (c), that is more than one hundred years old;
- (c) any collection or collector's piece that is of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic, numismatic or philatelic interest.

(See sections 21(5) to 21(6C) of the Value Added Tax Act 1994⁽⁵⁾.)

(3) That procedure is the customs procedure for temporary importation with total relief from import duties provided for in Articles 137 to 141 of [Council Regulation \(EEC\) No 2913/92](#) establishing the Community Customs Code⁽⁶⁾.

(See section 21(2B) of the Value Added Tax Act 1994.)”.

3.—(1) In article 2(1) of the Value Added Tax (Special Provisions) Order 1995⁽⁷⁾, for “Merchant Shipping (Registration, etc) Act 1993⁽⁸⁾” substitute “Merchant Shipping Act 1995⁽⁹⁾”.

(2) In article 12(3)(b) of that Order, after “himself” insert—

“, which includes – if the taxable person is an auctioneer – the auctioneer having placed them in the customs procedure for temporary importation with total relief from import duties provided for in Articles 137 to 141 of [Council Regulation \(EEC\) No 2913/92](#) establishing the Community Customs Code”.

(3) In article 12(5)(a)(iv) of that Order, after “himself” insert—

“, which includes – if the taxable person is an auctioneer – the auctioneer having placed them in the customs procedure for temporary importation with total relief from import duties mentioned in article 12(3)(b)”.

Claire Ward
Kevin Brennan
Two of the Lords Commissioners of Her
Majesty's Treasury

9th August 2006

⁽⁵⁾ Sections 21(5) to 21(6C) were inserted by section 12(2) of the Finance Act 1999 (c. 16).

⁽⁶⁾ OJ No L 302, 19.10.92, p 1, to which there are amendments not relevant to this Order.

⁽⁷⁾ S.I. 1995/1268; relevant amending instruments are S.I. 1999/3120, 2001/3649, 2001/3753.

⁽⁸⁾ 1993 c. 22; the whole Act was repealed by the Merchant Shipping Act 1995 (c. 21).

⁽⁹⁾ 1995 c. 21; for relevant mortgages, see section 16 and Schedule 1. (There are amendments to the Act that are not relevant to this Order.)

EXPLANATORY NOTE

(This note is not part of the Order)

Article 2(3) removes from the scope of the Value Added Tax (Treatment of Transactions) Order 1995 (S.I. 1995/958) sales by auction of works of art, antiques, collections and collector's pieces if the goods are then treated as imported, for VAT purposes, following their removal from the customs temporary importation procedure. The sales are consequently treated for those purposes as supplies of goods or services.

Article 2(2) does similar for the provision of related services⁽¹⁰⁾.

Articles 3(2) and 3(3) enable the auctioneers to account for VAT on just the profit margin, using the existing scheme for dealers and auctioneers, instead of by reference to the value of the supply⁽¹¹⁾.

A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business, charities or voluntary bodies.

⁽¹⁰⁾ Article 2(1) takes the opportunity to revoke otiose references.

⁽¹¹⁾ Article 3(1) takes the opportunity to update a reference.