

**2013 No. 601**

**VALUE ADDED TAX**

**The Value Added Tax (Independence Payment) Order 2013**

<i>Made</i>	- - - -	<i>13th March 2013</i>
<i>Laid before the House of Commons</i>		<i>14th March 2013</i>
<i>Coming into force</i>	- -	<i>8th April 2013</i>

The Treasury make the following Order in exercise of the powers conferred by sections 29A(3) and 30(4) of the Value Added Tax Act 1994(a).

**Citation and commencement**

1. This Order may be cited as the Value Added Tax (Independence Payment) Order 2013 and comes into force on 8th April 2013.

**Amendments to the Value Added Tax Act 1994**

2. In Schedule 7A to the Value Added Tax Act 1994 (charge at reduced rate)(b), in Group 3 (grant-funded installation of heating equipment or security goods or connection of gas supply), in Note 6(2), after sub-paragraph (f) insert—

- “(g) personal independence payment under Part 4 of the Welfare Reform Act 2012(c) or the corresponding provision having effect in Northern Ireland;
- (h) armed forces independence payment under a scheme established under section 1 of the Armed Forces (Pensions and Compensation) Act 2004(d).”

3. In Schedule 8 to the Value Added Tax Act 1994 (zero-rating), in Group 12 (drugs, medicines, aids for the handicapped etc) —

- (a) in item 14, after “mobility component” insert “, of a personal independence payment by virtue of entitlement to the mobility component, of an armed forces independence payment”;
- (b) in Note (6)(b)(e), after “disability living allowance” insert “, the mobility component of the personal independence payment, armed forces independence payment”; and
- (c) in Note (7), omit the “and” at the end of paragraph (a), and after that paragraph insert—

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(a) 1994 c. 23; section 29A was inserted by section 99(4) and (7)(c) 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. Group 3 was amended by S.I. 2002/1100 and Note 6 to Group 3 was amended by section 47 of, and paragraphs 47 and 48 of Schedule 3 to, the Tax Credits Act 2002 (c. 21).  
(c) 2012 c. 5.  
(d) 2004 c. 32.  
(e) Note (6)(b) was amended by S.I. 2002/1397.

- “(aa) “personal independence payment” means a personal independence payment under Part 4 of the Welfare Reform Act 2012 or the corresponding provision having effect in Northern Ireland;
- (ab) “armed forces independence payment” means an armed forces independence payment under a scheme established under section 1 of the Armed Forces (Pensions and Compensation) Act 2004; and”.

*Robert Goodwill*  
*David Evennett*

13th March 2013

Two of the Lords Commissioners of Her Majesty’s Treasury

### **EXPLANATORY NOTE**

*(This note is not part of the Order)*

This Order amends the relevant value added tax primary law provisions following the introduction of the new personal independence payment and armed forces independence payment to ensure that these provisions continue to have the same effect.

The effect of the Order is that the value added tax reliefs that currently apply to persons who are in receipt of a disability living allowance (in some cases by virtue of entitlement to the mobility component) will additionally apply to persons who no longer receive that benefit but instead receive one of the two new specified benefits.

A Tax Information and Impact Note covering this instrument was published on the HMRC website at <http://www.hmrc.gov.uk/thelibrary/tiins/htm>.

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