

VALUE ADDED TAX ACT 1996
EXTRA-STATUTORY CONCESSION

The Treasury hereby authorises the following concession -

1. The supplies specified in this concession shall be charged at the rate of 5 per cent.
2. (1) The supplies to which this concession applies shall be supplies of any labour and materials necessary for the repair, renovation, addition to or extension of buildings specified in sub-paragraph (2) and which satisfy the requirements of sub-paragraph (3).
 - (2) The buildings referred to in sub-paragraph (1) are -
 - (a) dwellings,
 - (b) buildings solely or primarily used for a relevant residential purpose,
 - (c) buildings belonging to a charity and which are not used for a business purpose, and
 - (d) ecclesiastical buildings

located in the Island.

(3) The supplies must be made by taxable persons whose registration for VAT is in a Trade Class identifying that their principal business activity falls within the following Groups in Section F of the Standard Industrial Classification of Economic Activities 1992^(a) -

- 45.2 (Building of complete constructions or parts thereof; civil engineering),
- 45.3 (Building installation), and
- 45.4 (Building completion),

but excluding sub-class 45.21/3 (Construction of civil engineering constructions) of Group 45.2.

(4) In this concession -

^(a) Published by the Office of National Statistics, 1997 (ISBN 011620923.2).

“the Act” means the Value Added Tax Act 1996^(b),

“buildings used for a relevant residential purpose” has the same meaning as in Note (4) of Group 5 of Schedule 9 to the Act,

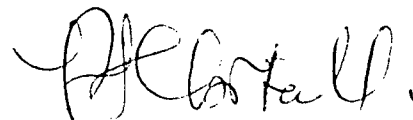
“charity” has the same meaning as in Note (2) of Group 11 of Schedule 10 to the Act, and

“dwellings” shall be construed in accordance with Notes (2) and (3) of Group 5 of Schedule 9 of the Act, and

“repair, renovation, addition to or extension” excludes the supply of household furnishings, furniture and domestic appliances (except where part of a heating or plumbing system).

3. This concession shall have effect in respect of supplies made on or after 1 January 2000 and shall cease to have effect on 1 April 2000.

Made this 1st day of March 2000



Minister for the Treasury

^(b) 1996 c.1.

EXPLANATORY NOTE

(This Note is not part of the Concession)

This Extra-Statutory Concession provides that supplies which will become eligible for the 5% rate of VAT from 1 April 2000 under the provisions of the Value Added Tax (Reduced Rate) Order 2000^(c) shall also apply to such supplies made between 1 January 2000 and the coming into operation of the Order.

The Concession and Order together give effect in the Island to the amendments made to the Sixth VAT Directive^(d) by Council Directive 1999/85/EC^(e), providing for a 5% rate of VAT on specified supplies.

The Directives allow for the reduced rate of VAT to have effect from 1 January 2000 to 31 December 2002.

The buildings to which the Concession applies includes private homes, residential accommodation for the elderly, children etc. and other similar places, hospices, church buildings, and buildings belonging to charities and which are not use for a business purpose.

Only supplies by taxable persons registered for VAT within certain Trade Classes, identified by reference to the UK Standard Industrial Classification of Economic Activities 1992 (as published in revised form in 1997) are covered by the Concession. Trade Classes involved with civil engineering are excluded.

Supplies of labour and goods are covered by the Concession, with the exception of supplies of household furnishings, furniture and domestic appliances (except where such appliances are part of a heating or plumbing system).

^(c) S.D. No. 104/00.

^(d) O.J. L.145, 13.6.77, p.1.

^(e) O.J. L.277, 28.10.99.