



## VALUE ADDED TAX ACT 1996

### VALUE ADDED TAX ACT 1996 (AMENDMENT) ORDER 2000

*Approved by Tynwald*

16 May 2000

*Coming into operation*

*In accordance with article 1(2)*

In exercise of the powers conferred on the Treasury by section 96 of the Value Added Tax Act 1996<sup>(a)</sup>, and of all other powers enabling it in that behalf, the following Order is hereby made:-

#### **Citation, commencement and interpretation**

1. (1) This Order may be cited as the Value Added Tax Act 1996 (Amendment) Order 2000.
- (2) This Order shall be deemed to have come into operation as follows -
  - (a) article 1 on 21<sup>st</sup> March 2000;
  - (b) articles 2 and 3, except for article 3(6), on 1<sup>st</sup> April 2000;
  - (c) paragraph (6) of article 3 on 10<sup>th</sup> April 2000;
  - (d) articles 4 to 10 and 12 in relation to supplies made on or after 21<sup>st</sup> March 2000; and
  - (e) article 11 in relation to relevant supplies (within the meaning of Schedule 3A to the Act inserted by that article) made on or after 21<sup>st</sup> March 2000.
- (3) In this Order, "the Act" means the Value Added Tax Act 1996.

#### **Reduced rate supplies**

2. Schedule 1 to the Act shall be amended in accordance with article 3.
3. (1) In paragraph 1(1), after paragraph (a) insert -

“(aa) supplies of services of installing List A energy-saving

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<sup>(a)</sup> 1996 c.1.

materials in residential accommodation or in a building intended for use solely for a relevant charitable purpose;

- (ab) supplies of List A energy-saving materials by a person who installs those materials in residential accommodation or a building intended for use solely for a relevant charitable purpose;”.

(2) In paragraph 1(1), in each of paragraphs (b) and (c), before “energy-saving materials” insert “List B”.

(3) In paragraph 1(1), after paragraph (c) insert -

- “(d) supplies to a qualifying person of services of connecting, or reconnecting, a mains gas supply to the qualifying person’s sole or main residence;
- (e) supplies of goods made to a qualifying person by a person connecting, or reconnecting, a mains gas supply to the qualifying person’s sole or main residence, being goods whose installation is necessary for the connection, or reconnection, or the mains gas supply;
- (f) supplies to a qualifying person of services of installing, maintaining or repairing a central heating system in the qualifying person’s sole or main residence;
- (g) supplies of goods made to a qualifying person by a person installing, maintaining or repairing a central heating system in the qualifying person’s sole or main residence, being goods whose installation is necessary for the installation, maintenance or repair of the central heating system;
- (h) supplies consisting in the leasing of goods that form the whole or part of a central heating system installed in the sole or main residence of a qualifying person;
- (i) supplies of goods that form the whole or part of a central heating system installed in a qualifying person’s sole or main residence and that, immediately before being supplied, were goods leased under arrangements such that the consideration for the supplies consisting in the leasing of the goods was, in whole or in part, funded by a grant made under a relevant scheme;
- (j) supplies to a qualifying person of services of installing qualifying security goods in the qualifying person’s sole or main residence; and
- (k) supplies of qualifying security goods made to a qualifying person by a person who installs those goods in the qualifying person’s sole or main residence.”.

(4) For paragraph 1(1A) substitute -

“(1A) A supply to which any of paragraphs (b) to (k) of sub-paragraph (1) applies is a supply falling within this paragraph only to the extent that the consideration for it -

- (a) is, or is to be, funded by a grant made under a relevant scheme; or
- (b) in the case of a supply to which paragraph (i) of that sub-paragraph applies -
  - (i) is, or is to be, funded by such a grant, or
  - (ii) is a payment becoming due only by reason of the termination (whether by the passage of time or otherwise) of the leasing of the goods in question.”.

(5) In paragraph 1(1B), for “sub-paragraph (1)(1)(b) or (c)” substitute “any of paragraphs (b) to (k) of sub-paragraph (1)”.

(6) In paragraph 4A(3)(e), for “supplementary benefit” substitute “income support”.

(7) In paragraph 4A, after sub-paragraph (3) insert -

“(3A) For the purposes of paragraph 1(1)(aa) and (ab) “residential accommodation” means -

- (a) a building, or part of a building, that consists of a dwelling or a number of dwellings;
- (b) a building, or part of a building, used for a relevant residential purpose;
- (c) a caravan used as a place of permanent habitation; or
- (d) a houseboat.

(3B) For the purposes of paragraph 1(1)(aa) and (ab) “use for a relevant charitable purpose” means use by a charity in either or both of the following ways, namely -

- (a) otherwise than in the course or furtherance of a business;
- (b) as a village hall or similarly in providing social or recreational facilities for a local community.”.

(8) In paragraph 4A(4), for “For the purposes of paragraph 1(1)(b) and (c) “energy-saving materials” means” substitute “For the purposes of paragraph 1(1)(aa) and (ab) “List A energy-saving materials” means”.

(9) In paragraph 4A(4)(c), after “central heating system controls” insert “(including thermostatic radiator valves)”.

(10) In paragraph 4A(4), after paragraph (d) insert -

“(e) solar panels.”.

(11) In paragraph 4A, after sub-paragraph (4) insert -

“(4A) For the purposes of paragraph 1(1)(b) and (c) “List B energy-saving materials” means any of the following -

- (a) gas-fired room heaters that are fitted with thermostatic controls;
- (b) electric storage heaters;
- (c) closed solid fuel fire cassettes;
- (d) electric dual immersion water heaters with foam-insulated hot water tanks;
- (e) gas-fired boilers;
- (f) oil-fired boilers;
- (g) radiators.

(4B) For the purposes of paragraph 1(1)(j) and (k), “qualifying security goods” means any of the following -

- (a) locks or bolts for windows;
- (b) locks, bolts or security chains for doors;
- (c) spy holes;
- (d) smoke alarms.”.

(12) In paragraph 4A(5), for “paragraph 1(1A) and (1B)” substitute “paragraph 1”.

(13) This article applies -

- (a) except for paragraph (6), to supplies made on or after 1<sup>st</sup> April 2000, and
- (b) paragraph (6), to supplies made on or after 10<sup>th</sup> April 2000.

## **Disposal of assets for which a VAT repayment is claimed**

4. In section 3(2) of the Act, for "Schedules 2 to 4" substitute "Schedules 2, 3, 3A and 4".
5. In section 67 of the Act -
  - (a) in subsection (1)(a), for "or with paragraph 3 or 8(2) of Schedule 4" substitute "  
", paragraph 3, 5 or 7(2) or (3) of Schedule 3A or with paragraph 3 or 8(2) of Schedule 4";
  - (b) in subsection (3)(a), for "or paragraph 3 of Schedule 4" substitute "  
", paragraph 3 or 4 of Schedule 3A or paragraph 3 of Schedule 4"; and
  - (c) in subsection (3)(b), for "or with sub-paragraph (2) of paragraph 8 of Schedule 4" substitute "  
", with sub-paragraph (2) or (3) of paragraph 7 of Schedule 3A or with sub-paragraph (2) of paragraph 8 of Schedule 4".
6. In section 69(1)(a) of the Act, for "or paragraph 5 of Schedule 4" substitute "  
", paragraph 5 of Schedule 3A or paragraph 5 of Schedule 4".
7. In section 73(3)(b) of the Act, for "or paragraph 6(2) or (3) of Schedule 4" substitute "  
", paragraph 6(1) or (2) of Schedule 3A or paragraph 6(2) or (3) of Schedule 4".
8. In section 74(1)(c) of the Act, for "under paragraph 8 of Schedule 4" substitute "  
", under paragraph 7 of Schedule 3A or under paragraph 8 of Schedule 4".
9. In the following provisions of the Act -
  - (a) paragraph 1(4)(a) and (5) of Schedule 2; and
  - (b) paragraph 1(4) of Schedule 3,

for "or paragraph 6(3) of Schedule 4" substitute "  
", paragraph 6(2) of Schedule 3A or paragraph 6(3) of Schedule 4".

10. In paragraph 1(3) of Schedule 4 to the Act, for "or paragraph 6(2) of Schedule 3" substitute "  
", paragraph 6(2) of Schedule 3 or paragraph 6(2) of Schedule 3A".

11. After Schedule 3 to the Act insert the following -

### **"SCHEDULE 3A**

#### **REGISTRATION IN RESPECT OF DISPOSALS OF ASSETS FOR WHICH A VAT REPAYMENT IS CLAIMED**

##### *Liability to be registered*

1. (1) A person who is not registered under this Act, and is not liable to be registered under Schedule 2, 3 or 4, becomes liable to be registered under this Schedule at any time -

- (a) if he makes relevant supplies; or

(b) if there are reasonable grounds for believing that he will make such supplies in the period of 30 days then beginning.

(2) A person shall be treated as having become liable to be registered under this Schedule at any time when he would have become so liable under sub-paragraph (1) but for any registration which is subsequently cancelled under paragraph 6(2), paragraph 13(3) of Schedule 2, paragraph 6(2) of Schedule 3 or paragraph 6(3) of Schedule 4.

(3) A person shall not cease to be liable to be registered under this Schedule except in accordance with paragraph 2.

2. A person who has become liable to be registered under this Schedule shall cease to be so liable at any time if the Treasury are satisfied that he has ceased to make relevant supplies.

#### *Notification of liability and registration*

3. (1) A person who becomes liable to be registered by virtue of paragraph 1(1)(a) shall notify the Treasury of the liability before the end of the period of 30 days beginning with the day on which the liability arises.

(2) The Treasury shall register any such person (whether or not he so notifies it) with effect from the beginning of the day on which the liability arises.

4. (1) A person who becomes liable to be registered by virtue of paragraph 1(1)(b) shall notify the Treasury of the liability before the end of the period by reference to which the liability arises.

(2) The Treasury shall register any such person (whether or not he so notifies it) with effect from the beginning of the period by reference to which the liability arises.

#### *Notification of end of liability*

5. (1) Subject to sub-paragraph (2), a person registered under paragraph 3 or 4 who ceases to make or have the intention of making relevant supplies shall notify the Treasury of that fact within 30 days of the day on which he does so.

(2) Sub-paragraph (1) does not apply if the person would, when he so ceases, be otherwise liable or entitled to be registered under this Act if his registration and any enactment preventing a person from being liable to be registered under different provisions at the same time were disregarded.

#### *Cancellation of registration*

6. (1) Subject to sub-paragraph (3), where the Treasury is satisfied that a registered person has ceased to be liable to be registered under this Schedule, it may cancel his registration with effect from the day on which he so ceased or from such later date as may be agreed between it and him.

(2) Where the Treasury is satisfied that on the day on which a registered person was registered he was not registrable, it may cancel his registration with effect from that day.

(3) The Treasury shall not under sub-paragraph (1) cancel a person's registration with effect from any time unless it is satisfied that it is not a time when that person would be subject to a requirement, or entitled, to be registered under this Act.

(4) In determining for the purposes of sub-paragraph (3) whether a person would be subject to a requirement, or entitled, to be registered at any time, so much of any provision of this Act as prevents a person from becoming liable or entitled to be registered when he is already registered or when he is so liable under any other provision shall be disregarded.

#### *Exemption from registration*

7. (1) Notwithstanding the preceding provisions of this Schedule, where a person who makes or intends to make relevant supplies satisfies the Treasury that such supply is zero-rated or would be zero-rated if he were a taxable person, it may, if he so requests and it thinks fit, exempt him from registration under this Schedule.

(2) Where there is a material change in the nature of the supplies made by a person exempted under this paragraph from registration under this Schedule, he shall notify the Treasury of the change -

- (a) within 30 days of the date on which the change occurred; or
- (b) if no particular date is identifiable as the day on which it occurred, within 30 days of the end of the quarter in which it occurred.

(3) Where there is a material alteration in any quarter in the proportion of relevant supplies of such a person that are zero-rated, he shall notify the Treasury of the alteration within 30 days of the end of the quarter.

(4) If it appears to the Treasury that a request under sub-paragraph (1) should no longer have been acted upon on or after any day, or has been withdrawn on any day, it shall register the person who made the request with effect from that day.

#### *Supplementary*

8. Any notification required under this Schedule shall be made in such form and shall contain such particulars as the Treasury may by regulations prescribe.

9. (1) For the purposes of this Schedule a supply of goods is a relevant supply where -

- (a) the supply is a taxable supply;
- (b) the goods are assets of the business in the course or furtherance of which they are supplied; and
- (c) the person by whom they are supplied, or a predecessor of his, has received or claimed, or is intending to claim, a repayment of VAT on the supply to him, or the importation by him, of the goods or of anything comprised in them.

(2) In relation to any goods, a person is the predecessor of another for the purposes of this paragraph if -

- (a) that other person is a person to whom he has transferred assets of his business by a transfer of that business, or part of it, as a going concern;
- (b) those assets consisted of or included those goods; and
- (c) the transfer of the assets is one falling by virtue of an order under section 5(3) (or under an enactment re-enacted in section 5(3)) to be treated as neither a supply of goods nor a supply of services;

and the reference in this paragraph to a person's predecessor includes references to the predecessors of his predecessor through any number of transfers.

(3) The reference in this paragraph to a repayment of VAT is a reference to such a repayment under a scheme embodied in regulations made under section 39.”.

12. In paragraph 5(5) of Schedule 5 to that Act, for the words from “under sections 25 and 26” to the end substitute -

- “(a) under sections 25 and 26, to credit for the whole or any part of the VAT on the supply, acquisition or importation of those goods or of anything comprised in them; or
- (b) under a scheme embodied in regulations made under section 39, to a repayment of VAT on the supply or importation of those goods or of anything comprised in them.”.

Made this

5<sup>th</sup> day of

April.

2000



Minister for the Treasury

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

This Order makes amendments to the Value Added Tax Act 1996.

Article 3 amends Schedule 1 to the Act. The amendments allow for a reduced rate of VAT to be charged on -

- (1) the installation of energy-saving materials;
- (2) home security goods in the homes of less well-off pensioners;
- (3) home heating systems, where grant-funded, in the homes of less well-off individuals.

Articles 4 to 10 make amendments to the Act consequential to the new requirement under Schedule 3A to the Act (itself inserted by article 11 of this Order) to register for VAT.

The requirement to register contained in the new Schedule 3A covers non-established taxable persons (normally overseas businesses) claiming repayments of VAT under 8<sup>th</sup> or 13<sup>th</sup> Directive arrangements. The requirement covers both supplies within the Island, including the disposal of capital assets, and where import VAT is incurred and subsequently reclaimed.