



VALUE ADDED TAX ACT 1996

VALUE ADDED TAX (HEALTH AND WELFARE) ORDER 2002

Laid before Tynwald

21st May 2002

Coming into operation

10 April 2002

In exercise of the powers conferred on the Treasury by section 31(2) of the Value Added Tax Act 1996^(a), and of all other powers enabling it in that behalf, the following Order is hereby made:-

Citation and commencement

1. This Order may be cited as the Value Added Tax (Health and Welfare) Order 2002 and comes into operation on 10 April 2002.

Amendment

2. Group 7 (Health and Welfare) of Schedule 10 to the Value Added Tax Act 1996 (Exemptions) shall be amended in accordance with articles 3 to 6.

3. In item 4, for "or other institution" to the end substitute "or state-regulated institution".

4. For item 9 substitute -

"9. The supply by -

- (a) a charity,
- (b) a state-regulated private welfare institution, or
- (c) a public body,

of welfare services and of goods supplied in connection with those welfare services."

5. For Note (5) substitute -

"(5) In item 9 "welfare services" means services which are directly connected with -

- (a) the provision of care, treatment or instruction designed to promote the physical or mental welfare of elderly, sick, distressed or disabled persons,

^(a) 1996 c.1.

- (b) the care or protection of children and young persons, or
- (c) the provision of spiritual welfare by a religious institution as part of a course of instruction or a retreat, not being a course or a retreat designed primarily to provide recreation or a holiday,

and, in the case of services supplied by a state-regulated private welfare institution, includes only those services in respect of which the institution is so regulated.”.

6. After Note (6) insert -

“(7) In this Group “state-regulated” means approved, licensed, registered or exempted from registration by the Department of Health and Social Security or other authority pursuant to a provision of an Act of Tynwald.”.

Made this 10th day of April 2002



Minister for the Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into operation on 10th April 2002, amends Group 7 of Schedule 10 to the Value Added Tax Act 1996. Group 7 makes provision for the exemption of the supply of health and welfare services.

The effect of this Order is to specify the types of organisations that are entitled to exemption for the purposes of item 9 of Group 7 (welfare services) as well as the types of services the supply of which can be exempted under that item. In addition, the Order amends item 4 to enable provision to be made in a new Note (7) for a consistent interpretation of what is now termed a “state-regulated” institution in both item 4 and item 9.

Article 3 simplifies item 4 by inserting a reference to a state-regulated institution. “State-regulated” is defined in article 6. This ensures that the legislative references in item 4 and item 9 are consistent and comprehensive.

Article 4 substitutes a new item 9 (welfare services) which removes the requirement that supplies be made otherwise than for profit. Further, it provides that exempt supplies of welfare services can be made by state-regulated private welfare institutions, as well as by charities and public bodies.

Article 5 substitutes a new Note (5) (definition of welfare services) which inserts a reference to care within the exemption for services directly connected with children and young persons. Further, it provides that, in the case of services supplied by a state-regulated private welfare institution, the only services that are included within the exemption are services in respect of which the institution is regulated.

Article 6 inserts a new Note (7) to provide a common definition of “state-regulated” for the purposes of the institutions referred to in items 4 and 9.