



VALUE ADDED TAX ACT 1996

VALUE ADDED TAX (REDUCED RATE) ORDER 2005

Laid Before Tynwald

17 May 2005

Coming into operation

7 April 2005

In exercise of the powers conferred on the Treasury by section 29A 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 (Reduced Rate) Order 2005 and comes into operation on 7th April 2005.

Amendment

2. Group 2 of Part II of Schedule 1 to the Value Added Tax Act 1996 is amended as follows.

3. In paragraph 1 of the Notes after paragraph (h) insert –

“(i) air source heat pumps;

(j) micro combined heat and power units.”.

Made this *23rd* day of *March*

2005

Minister for the Treasury

^(a) 1996 c.1.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into operation on 7th April 2005, amends Group 2 of Part II of Schedule 1 to the Value Added Tax Act 1996 ("Group 2"). Part II of Schedule 1 contains Groups of supplies of goods and services that are subject to a reduced rate of VAT of 5%.

Article 3 of the Order amends Group 2 (installation of energy-saving materials). Paragraphs (i) and (j) are added to the list in paragraph 1 of the Notes to extend the reduced rate to supplies of the services of installing (1) air source heat pumps and (2) micro combined heat and power units in certain buildings and to supplies of the air source heat pumps and micro combined heat and power units so installed.

By virtue of items 1 and 2 of Group 2, the installation must be in residential accommodation or in a building intended for use solely for a relevant charitable purpose.