

Statutory Document No. 2015/0159



Value Added Tax Act 1996

VALUE ADDED TAX ACT 1996 (AMENDMENT) (NO 2) ORDER 2015

Approved by Tynwald: 19th May 2015

Coming into operation in accordance with article 2

The Treasury makes the following Order under sections 95(6) and 96 of the Value Added Tax Act 1996.

1 Title

This Order is the Value Added Tax Act 1996 (Amendment) (No 2) Order 2015.

2 Commencement

- (1) This Order comes into operation when it is approved by Tynwald.
- (2) However, when approved it shall be deemed to have come into operation in relation to supplies made, and acquisitions and importations taking place, on or after 1 April 2015¹.

3 Interpretation

In this Order, “the Act” means the Value Added Tax Act 1996.

4 Refunds to certain charities

- (1) The Value Added Tax Act 1996 is amended as follows.
- (2) In Part II of the Act (reliefs, exemptions and repayments), after section 33A insert –

¹ Section 95(6) of the Act provides *inter alia* that where the Treasury considers it necessary for an order, other than an appointed day order for the commencement of the Act, to conform with any rule, regulation or order made under the Value Added Tax Act 1994 (an Act of Parliament) in force at the time of the making of the order, it may be made retrospective and take effect on such day or days as may be specified in the order.

33B Refunds of VAT to charities within section 33C

- (1) This section applies to a charity that falls within any of the descriptions in section 33C.

A charity to which this section applies is referred to in this section as a “qualifying charity”.

- (2) This section applies where —
- (a) VAT is chargeable on —
 - (i) the supply of goods or services to a qualifying charity;
 - (ii) the acquisition of any goods from a member State by a qualifying charity; or
 - (iii) the importation of any goods from a place outside the member States by a qualifying charity; and
 - (b) the supply, acquisition or importation is not for the purpose of any business carried on by the qualifying charity.
- (3) The Treasury shall, on a claim made by the qualifying charity at such time and in such form and manner as the Treasury may determine, refund to the qualifying charity the amount of the VAT so chargeable.
- (4) A claim under subsection (3) in respect of a supply, acquisition or importation must be made before the end of the period of 4 years beginning with the day on which the supply is made or the acquisition or importation takes place.
- (5) Subsection (6) applies where goods or services supplied to, or acquired or imported by, a qualifying charity otherwise than for the purpose of any business carried on by the qualifying charity cannot be conveniently distinguished from goods or services supplied to, or acquired or imported by, the qualifying charity for the purpose of such a business.
- (6) The amount to be refunded under this section is such amount as remains after deducting from the whole of the VAT chargeable on any supply to, or acquisition or importation by, the qualifying charity such proportion of that VAT as appears to the Treasury to be attributable to the carrying on of the business.
- (7) References in this section to VAT do not include any VAT which, by virtue of an order under section 25(7), is excluded from credit under section 25.

33C Charities to which section 33B applies

Palliative care charities

- (1) “Palliative care charity” means a charity the main purpose of which is the provision of palliative care at the direction of, or under the supervision of, a medical professional to persons who are in need of such care as a result of having a terminal illness.
- (2) In subsection (1) “medical professional” means —
 - (a) a registered medical practitioner, or
 - (b) a registered nurse.

Air ambulance charities

- (3) “Air ambulance charity” means a charity the main purpose of which is to provide an air ambulance service in pursuance of arrangements made by, or at the request of, the Department of Health and Social Care.

Search and rescue charities

- (4) “Search and rescue charity” means a charity that meets condition A or B.
- (5) For the purposes of subsection (4), condition A is that —
 - (a) the main purpose of the charity is to carry out search and rescue activities in —
 - (i) the Island;
 - (ii) the area of sea within the seaward limits of the territorial sea adjacent to the Island, as construed in accordance with the provisions of section 1 of the Territorial Sea Act 1987² (an Act of Parliament) and with any provision made, or having effect as if made, under that section; or
 - (iii) the Irish Sea.
 - (b) the search and rescue activities carried out by the charity are co-ordinated by a relevant authority.
- (6) For the purposes of subsection (4), condition B is that the main purpose of the charity is to support, develop and promote the activities of a charity which meets condition A.
- (7) For the purposes of subsection (5) —

“**search and rescue activities**” means searching for, and rescuing, persons who are, or may be, at risk of death or serious injury;

“**relevant authority**” means —

² 1987 c.49 (of Parliament).

- (a) the Department of Infrastructure;
- (b) the Department of Home Affairs;
- (c) the Isle of Man Constabulary;
- (d) the Isle of Man Fire and Rescue Service; or
- (e) any other person or body specified for the purposes of subsection (5) by an order made by the Treasury.

Medical courier charities

- (8) “Medical courier charity” means a charity that meets condition A or B.
- (9) For the purposes of subsection (8), condition A is that the main purpose of the charity is to provide services for the transportation of items intended for use for medical purposes, including in particular —
 - (a) blood;
 - (b) medicines and other medical supplies;
 - (c) items relating to people who are undergoing medical treatment.
- (10) For the purposes of subsection (8), condition B is that the main purpose of the charity is to support, develop and promote the activities of the charity which meets condition A.
- (11) In subsection (9) “item” includes any substance. **22**.
- (3) In section 79 of the Act (repayment supplement in respect of certain delayed payments or refunds) —
 - (a) in subsection (1), after paragraph (c) insert **33** or
 - (d) a charity which is registered is entitled to a refund under section 33B; **22**;
 - (b) in subsection (5), after paragraph (c) insert **33**, and
 - (d) a supplement paid to a charity under subsection (1)(d) shall be treated as an amount due to the charity by way of refund under section 33B. **22**;
 - (c) in subsection (6)(b), for “or 33A” substitute **33**, 33A or 33B **22**.
- (4) In Schedule 10 to the Act (exemptions), in Group 13 (supplies of goods where input tax cannot be recovered), in Note (9), after “33A,” insert **33** 33B, **22**.

MADE **15TH APRIL 2015**

W E Teare
Minister for the Treasury

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

This Order amends the Value Added Tax Act 1996 to make changes that correspond to those made to the equivalent United Kingdom legislation (the Value Added Tax Act 1994) by means of the Finance Act 2015 (an Act of Parliament)³.

Article 4 of the Order inserts two new sections into the Value Added Tax Act 1996, the purpose of which is to allow certain charities to claim refunds of VAT that they pay on goods and services they purchase, other than for any business carried on by the charities. It also makes consequential amendments to the Act.

New sections 33B and 33C are inserted into the Value Added Tax Act 1996, having effect from 1 April 2015. Section 33C defines what is a “qualifying charity” for the purposes of being able to claim the refunds.

The four categories of qualifying charity are —

- palliative care charities that provide hospice care;
- air ambulance charities;
- search and rescue charities (and charities that support these charities); and
- medical courier charities (and charities that support these charities).

³ 2015 c.11 (of Parliament).