

Statutory Document No. 2022/0138



*Value Added Tax Act 1996*

## **VALUE ADDED TAX ACT (AMENDMENT) (NO. 3) ORDER 2022**

*Laid before Tynwald: 21 June 2022*

*Coming into Operation: in accordance with article 2*

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The Treasury makes the following Order under sections 29A(3), 30(4) and 94(6) of the Value Added Tax Act 1996.

### **1 Title**

This Order is the Value Added Tax Act (Amendment) (No. 3) Order 2022.

### **2 Commencement**

- (1) This Order comes into operation on when made<sup>1</sup>.
- (2) However, when it has been made, it shall be deemed to have come into operation on 1<sup>st</sup> April 2022<sup>2</sup>.

### **3 Amendment of the Value Added Tax Act 1996**

- (1) The Value Added Tax Act 1996 is amended as follows.
- (2) In Schedule 1 (charge at reduced rate) -
  - (a) in the table in Part I (index), omit -  
“Energy-saving materials:           Group 2”;  
installation
  - (b) in Part II (the groups) -

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<sup>1</sup> Under section 95(1) of the Value Added Tax Act 1996, an order made under that Act (except where section 95(3) applies) must be laid before Tynwald as soon as practicable after it is made, and if Tynwald at the sitting at which it is laid or at the next following sitting resolves that it shall be annulled, it shall thereupon cease to have effect.

<sup>2</sup> Under section 95(2) of the Value Added Tax Act 1996, an order made under this Act may, in so far as the Treasury considers it necessary that such public document conforms with provision made for the United Kingdom by statutory instrument under an Act of Parliament, be made retrospective and shall take effect on such day or days as may be specified in the public document.

- (i) omit Group 2 (installation of energy-saving materials); and
  - (ii) in Group 3 (grant-funded installation of heating equipment or security goods or connection of gas supply), in items 8A<sup>3</sup> and 8B, after “Supplies” in each case insert **64**, so far as not falling within Group 23 of Schedule 9, **65**.
- (3) In Schedule 9 (zero-rating) -
- (a) in the table in Part I (index), at the appropriate place insert -
    - 64** Energy-saving materials:           Group 23 **65**
    - installation in the Island from 1
    - April 2022 to 31 March 2027
  - (b) in Part II (the Groups), at the end, insert —

**64** GROUP 23 – INSTALLATION OF ENERGY-SAVING MATERIALS IN THE ISLAND FROM 1 APRIL TO 31 MARCH 2027

Item No.

1. Relevant supplies of services of installing energy-saving materials in residential accommodation in the Island.
2. Relevant supplies of energy-saving materials by a person who installs those materials in residential accommodation in the Island.

Notes:

1. *Meaning of “energy saving materials”*

For the purposes of this Group “energy-saving materials” means any of the following —

- (a) insulation for walls, floors ceilings, roofs, or lofts or for water tanks, pipes or other plumbing fittings;
- (b) draught stripping for windows and doors;
- (c) central heating system controls (including thermostatic radiator valves);
- (d) hot water system controls;
- (e) solar panels;
- (f) wind turbines;
- (g) water turbines;
- (h) ground source heat pumps;
- (i) air source heat pumps;
- (j) micro combined heat and power units;
- (k) boilers designed to be fuelled solely by wood, straw or similar vegetal matter.

<sup>3</sup> Items 8A and 8B were inserted by SD 236/02.

2. *Meaning of “residential accommodation”*


(1) For the purposes of this Group “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.

(2) For the purposes of this Group “use for a relevant residential purpose” has the same meaning as it has for the purposes of Group 1 in Schedule 1 (see paragraph 7(1) of the Notes to that Group).

(3) In sub-paragraph (1)(d) “houseboat” has the meaning given by paragraph 7(3) of the Notes to Group 1 in Schedule 1.

3. *Meaning of “relevant supplies”*

For the purposes of this Group “relevant supplies” means supplies made on or after 1 April 2022 and before 1 April 2027. .

**MADE 28 APRIL 2022**

**D J ASHFORD MBE**  
*Minister for the Treasury*

***EXPLANATORY NOTE***

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

This Order amends Schedules 1 and 9 to the Value Added Tax Act 1996 in order to ensure the Island's VAT law corresponds to that of the United Kingdom as required by the Customs and Excise Agreement 1979.

This Order introduces a temporary relief from VAT in the form of a zero rate to be applied to the supply of services and installation of energy-saving materials in the Island, which had previously been subject to the reduced-rate of VAT. The relief will apply for a 5 year period from 1 April 2022 to 31 March 2027. The Order also widens the scope of the zero rate to include the installation of water and wind turbines.