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STATUTORY INSTRUMENTS

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**1994 No. 3013**

**VALUE ADDED TAX**

**The Value Added Tax (Buildings and Land) Order 1994**

*Approved by the House of Commons*

*Made - - - - 29th November 1994*  
*Laid before the House of*  
*Commons - - - - 29th November 1994*  
*Coming into force - - 30th November 1994*

The Treasury, in exercise of the powers conferred on them by section 51 of the Value Added Tax Act 1994<sup>(1)</sup> and of all other powers enabling them in that behalf, hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Buildings and Land) Order 1994 and shall come into force on 30th November 1994.

2. Schedule 10 to the Value Added Tax Act 1994 shall be amended as follows—

(a) in paragraph 2—

(i) in sub-paragraph (1) for the words “(2) and (3)” there shall be substituted “(2), (3) and (3A)”;

(ii) after sub-paragraph (3) there shall be inserted—

“(3A) Sub-paragraph (1) above shall not apply in relation to a grant made on or after 30th November 1994 if—

(a) the person making the grant and the person to whom the grant is made are connected persons; and

(b) either of them is not a fully taxable person.”;

(b) in paragraph 3, after sub-paragraph (8) there shall be inserted—

“(8A) For the purposes of paragraph 2 above—

(a) any question whether a person is connected with another shall be determined in accordance with section 839 of the Taxes Act<sup>(2)</sup>; and

(b) a person is a fully taxable person if at the end of the prescribed accounting period of his in which the grant is made he is entitled to credit for input tax on all supplies to, and acquisitions and importations by, him in that period (apart from any on which input tax is excluded from credit by virtue of section 25(7)).”.

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<sup>(1)</sup> 1994 c. 23.

<sup>(2)</sup> Section 96(1) of the Value Added Tax Act 1994 defines “the Taxes Act” as meaning the Income and Corporation Taxes Act 1988 (c. 1).

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**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

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29th November 1994

*Tim Wood*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

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## EXPLANATORY NOTE

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

This Order amends Schedule 10 (Buildings and Land) to The Value Added Tax Act 1994 with effect from 30th November 1994.

Subject to certain exceptions, paragraph 2(1) of that Schedule excludes from exemption grants in relation to land in respect of which the grantor has elected to waive exemption. This Order adds a further exception. Where a person makes a grant to a connected person and either of them is not a fully taxable person, the grant will not be excluded from exemption by virtue of an election to waive exemption made by the grantor. The new paragraph 3(8A) added to the Schedule by this Order makes provision for determining for these purposes whether or not persons are—

- (a) connected; and
- (b) fully taxable.