



# Finance (No. 2) Act 1975

## 1975 CHAPTER 45

### PART II

#### VALUE ADDED TAX AND CAR TAX

#### 17 VAT: higher rate

- (1) Subsection (1) of section 9 of the Finance Act 1972 shall have effect as if in its application to—
  - (a) a supply which is of a description for the time being specified in Schedule 7 to this Act or is a supply of goods or services of a description for the time being so specified, and
  - (b) the importation of goods of a description for the time being so specified, the rate of 25 per cent. (" the higher rate ") were substituted for the rate specified in it (" the standard rate "); and any order made under subsection (3) of that section may apply to both the standard rate and the higher rate or to only one of them, and an order applying to both may make the same or different provision in respect of each.
- (2) The Treasury may by order vary Schedule 7 to this Act by adding to or deleting from it any description or by varying any description for the time being specified in it.
- (3) In its application to orders under subsection (2) above, section 43 of the Finance Act 1972 shall have effect as if the orders falling within subsection (4) of that section (affirmative resolution) included any order varying Schedule 7 to this Act so as to bring any description within that Schedule.
- (4) Schedule 7 to this Act shall be interpreted in accordance with the notes contained in it; and accordingly the power conferred by subsection (2) above includes power to add to, delete or vary those notes.
- (5) The descriptions of Groups in Schedule 7 to this Act are for ease of reference only and shall not affect the interpretation of the descriptions of items in those Groups.

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- (6) In Schedule 4 to the Finance Act 1972 (Zero-rating), at the end of Item 1 of Group 17 (Clothing and Footwear) there shall be added the words " except articles within Item 1 of Group 6 of Schedule 7 to the Finance (No. 2) Act 1975 ".
- (7) Section 2 of the Finance Act 1975 shall cease to have effect.
- (8) This section (except subsections (2) and (3)) shall be deemed to have come into force at the beginning of May 1975.

## **18 VAT: conversion of certain goods**

- (1) Where a person makes a supply on which value added tax is chargeable by applying, or causing to be applied, any treatment or process to another person's goods, then if the goods—
  - (a) are not goods to which subsection (3) below applies, but
  - (b) become as a result of the treatment or process goods to which that subsection applies,the amount of the tax chargeable shall, subject to the following provisions of this section, be determined as if the supply had been a sale for full consideration of the goods resulting from the treatment or process.
- (2) Subsection (1) above does not apply where the person to whom the supply is made—
  - (a) is registered under Part I of the Finance Act 1972, and
  - (b) gives to the person making the supply a certificate, in such form and containing such particulars as the Commissioners may by regulations prescribe, that the supply is for the purpose of a business carried on or to be carried on by him.
- (3) This subsection applies to—
  - (a) boats of a gross tonnage of 15 tons or more, aircraft of a weight of 8,000 kilogrammes or more, and hovercraft, if (in each case) they have been adapted, but were not designed, for use for recreation or pleasure; and
  - (b) goods comprised in Items 1 to 3 of Group 7 of Schedule 7 to this Act.
- (4) The Treasury may by order vary subsection (3) above by adding to or deleting from it any description of goods or by varying any description of goods for the time being specified in it.
- (5) The Treasury may by order make provision for securing a reduction of the tax chargeable on supplies to which subsection (1) above applies in cases where—
  - (a) tax was previously chargeable on a supply or importation of the goods to which the treatment or process is applied, and
  - (b) such other conditions are satisfied as may be specified in the order or as may be imposed by the Commissioners in pursuance of the order.
- (6) A person who applies or causes to be applied a treatment or process to another person's goods shall, if the goods satisfy the conditions of paragraphs (a) and (b) of subsection (1) above, be treated for the purposes of section 5(3) of the Finance Act 1972 as producing the resulting goods by applying the treatment or process, whether or not he would otherwise fall to be so treated.
- (7) In its application to orders under subsection (4) above, section 43 of the Finance Act 1972 shall have effect as if the orders falling within subsection (4) of that

section (affirmative resolutions) included any order as a result of which goods of any description become goods to which subsection (3) above applies.

## **19 VAT: time of supply**

- (1) In section 7 of the Finance Act 1972 (time of supply), after subsection (6) there shall be inserted as subsection (6A)—

“(6A) The Commissioners may, at the request of a taxable person, by direction alter the time at which supplies made by him (or such supplies made by him as may be specified in the direction) are to be treated as taking place, either—

- (a) by directing those supplies to be treated as taking place—
  - (i) at times or on dates determined by or by reference to the occurring of some event described in the direction ; or
  - (ii) at times or on dates determined by or by reference to the time when some event so described would in the ordinary course of events occur, the resulting times or dates being in every case earlier than would otherwise apply; or
- (b) by directing that, notwithstanding subsections (5) and (6) of this section, those supplies shall (to the extent that they are not treated as taking place at the time mentioned in subsection (4) of this section) be treated as taking place—
  - (i) at the beginning of the relevant working period (as defined in his case in and for the purposes of the direction); or
  - (ii) at the end of the relevant working period (as so defined)”.

- (2) In section 7(8) of the Finance Act 1972 (Commissioners' power to make regulations about time of supply in certain cases), after the words " notwithstanding the preceding provisions of this section " there shall be inserted the words " other than subsection (6A) ".

- (3) Where there were in force immediately before 21st April 1975 arrangements between the Commissioners and any taxable person for supplies made by him (or such supplies made by him as were specified in the arrangements) to be treated as taking place at times or on dates which, had subsections (1) and (2) above been in force when the arrangements were made, could have been provided for by a direction under subsection (6A) of the said section 7, he shall be treated for the purposes of the said subsection (6A) as having requested the Commissioners to give a direction thereunder to the like effect, and the Commissioners may give a direction (or a general direction applying to cases of any class or description specified in the direction) accordingly.

- (4) Where a taxable person provides a document to himself which—
- (a) purports to be a tax invoice in respect of a supply of goods or services to him by another taxable person; and
  - (b) is in accordance with regulations under section 30 of the Finance Act 1972 treated as the tax invoice required by the regulations to be provided by the supplier,

section 7(5) and (6) of the Finance Act 1972 (under which the time of supply depends on the issue of a tax invoice by the supplier) shall have effect in relation to that supply—

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- (i) as if the provision of the document to himself by the first-mentioned taxable person were the issue by the supplier of a tax invoice in respect of the supply ; and
- (ii) as if any notice of election given or request made by the first-mentioned taxable person for the purposes of those provisions had been given or made by the supplier.

(5) This section shall be deemed to have come into force on 21st April 1975.

## **20 VAT: power to alter rates**

In section 9(3) of the Finance Act 1972 (which enables the Treasury to alter the rates of value added tax by not more than 20 per cent, thereof) for " 20 " there shall be substituted " 25 ".

## **21 VAT: gaming machines**

- (1) Where a person plays a game of chance by means of a gaming machine, then for the purposes of value added tax (but without prejudice to subsection (2) below) the amount paid by him to play shall be treated as the consideration for a supply of services to him.
- (2) The value to be taken as the value of supplies made in the circumstances mentioned in subsection (1) above in any period shall be determined as if the consideration for the supplies were reduced by an amount equal to the amount (if any) received in that period by persons (other than the person making the supply and persons acting on his behalf) playing successfully.
- (3) The insertion of a token into a machine shall be treated for the purposes of subsection (1) above as the payment of an amount equal to that for which the token can be obtained ; and the receipt of a token by a person playing successfully shall be treated for the purposes of subsection (2) above—
  - (a) if the token is of a kind used to play the machine, as the receipt of an amount equal to that for which such a token can be obtained ;
  - (b) if the token is not of such a kind but can be exchanged for money, as the receipt of an amount equal to that for which it can be exchanged.
- (4) In this section—
  - " game of chance " has the same meaning as in the Gaming Act 1968; and
  - " gaming machine " means a machine in respect of which the following conditions are satisfied, namely—
    - (a) it is constructed or adapted for playing a game of chance by means of it; and
    - (b) a player pays to play the machine (except where he has an opportunity to play payment-free as the result of having previously played successfully), either by inserting a coin or token into the machine or in some other way ; and
    - (c) the element of chance in the game is provided by means of the machine.
- (5) This section shall come into force on 1st November 1975.

## **22 Car tax on caravans**

- (1) In section 52(4) of the Finance Act 1972 (vehicles excluded from charge to car tax) the word " caravans " shall be omitted from paragraph (c); and
- (a) at the end of paragraph (b) (heavy vehicles) there shall be added the words " other than caravans "; and
  - (b) at the end of paragraph (e) (special purpose vehicles) there shall be added the words " but excluding caravans ".
- (2) This section shall be deemed to have come into force at the beginning of May 1975.

## **23 Repayment of car tax on exported vehicles**

- (1) In Schedule 7 to the Finance Act 1972 the following paragraph shall be substituted for paragraph 7 (which provides that car tax is not to be charged on certain unregistered vehicles which have been or are to be exported)—
- “7 Where the Commissioners are satisfied that a vehicle—
- (a) has been exported and was not registered before it was exported, or
  - (b) is to be exported under arrangements approved by them and is not registered,
- they shall remit the tax on the vehicle or, if the tax has been paid, repay it; but where such a vehicle is imported after having been exported the provisions of section 52 of this Act and of this Schedule shall apply in relation to it as they apply in relation to a vehicle made outside the United Kingdom and not previously imported.”
- (2) In paragraph 8 of that Schedule (remission of tax on vehicles acquired for export)—
- (a) at the end of sub-paragraph (1) there shall be added the words " or, if the tax has been paid and the vehicle is unused, repay the tax ";
  - (b) in sub-paragraph (2)—
    - (i) after the words " has been remitted " there shall be inserted the words " or repaid ";
    - (ii) for the words " on granting the remission directed" there shall be substituted the words " directed, as a condition of the remission or repayment, "; and
    - (iii) after the words " but for the remission " there shall be inserted the words " or, as the case may be, an amount of tax equal to that repaid ".

## **24 Car tax: converted and adapted vehicles**

In Schedule 7 to the Finance Act 1972 the following paragraph shall be substituted for paragraph 14 (converted and adapted vehicles)—

- “14 (1) If it appears to the Commissioners that a person converts or adapts chargeable vehicles and that the vehicles so converted or adapted remain chargeable vehicles, they may direct that the conversion or adaptation shall, where it is of a description specified in the direction, be treated for the purposes of the tax as the making of the vehicles resulting from it, whether or not it would otherwise fall to be so treated.

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- (2) A person in respect of whom a direction under this paragraph is in force shall be liable to be registered under this Schedule, whether or not he would otherwise be so liable.
- (3) Where a direction under this paragraph is in force in respect of any person, then, subject to such conditions as the Commissioners think necessary for the protection of the revenue and as are specified in the direction.—
- (a) tax shall not be charged on any unused vehicle delivered to that person, under arrangements approved by the Commissioners, by a person registered under this Schedule ; and
  - (b) the wholesale value of any used vehicle which has been converted or adapted shall be taken to be reduced by an amount equal to what would have been its wholesale value if it had not been converted or adapted.”