



Finance Act 1996

1996 CHAPTER 8

PART II

VALUE ADDED TAX

Other provisions relating to charges to VAT

30 Refunds in connection with construction and conversion.

(1) For subsection (1) of section 35 of the Value Added Tax Act 1994 (refund of VAT to persons constructing certain buildings) there shall be substituted the following subsections—

“(1) Where—

- (a) a person carries out works to which this section applies,
- (b) his carrying out of the works is lawful and otherwise than in the course or furtherance of any business, and
- (c) VAT is chargeable on the supply, acquisition or importation of any goods used by him for the purposes of the works,

the Commissioners shall, on a claim made in that behalf, refund to that person the amount of VAT so chargeable.

(1A) The works to which this section applies are—

- (a) the construction of a building designed as a dwelling or number of dwellings;
- (b) the construction of a building for use solely for a relevant residential purpose or relevant charitable purpose; and
- (c) a residential conversion.

(1B) For the purposes of this section goods shall be treated as used for the purposes of works to which this section applies by the person carrying out the works in so far only as they are building materials which, in the course of the works, are incorporated in the building in question or its site.

Status: Point in time view as at 01/04/2015.

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1996,
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(1C) Where—

- (a) a person (“the relevant person”) carries out a residential conversion by arranging for any of the work of the conversion to be done by another (“a contractor”),
- (b) the relevant person’s carrying out of the conversion is lawful and otherwise than in the course or furtherance of any business,
- (c) the contractor is not acting as an architect, surveyor or consultant or in a supervisory capacity, and
- (d) VAT is chargeable on services consisting in the work done by the contractor,

the Commissioners shall, on a claim made in that behalf, refund to the relevant person the amount of VAT so chargeable.

(1D) For the purposes of this section works constitute a residential conversion to the extent that they consist in the conversion of a non-residential building, or a non-residential part of a building, into—

- (a) a building designed as a dwelling or a number of dwellings;
- (b) a building intended for use solely for a relevant residential purpose; or
- (c) anything which would fall within paragraph (a) or (b) above if different parts of a building were treated as separate buildings.”

^{F1}(2)

(3) After subsection (3) of that section there shall be inserted the following subsections—

“(4) The notes to Group 5 of Schedule 8 shall apply for construing this section as they apply for construing that Group.

(5) The power of the Treasury by order under section 30 to vary Schedule 8 shall include—

- (a) power to apply any variation made by the order for the purposes of this section; and
- (b) power to make such consequential modifications of this section as they may think fit.”

(4) This section applies in relation to any case in which a claim for repayment under section 35 of the ^{M1}Value Added Tax Act 1994 is made at any time on or after the day on which this Act is passed.

Textual Amendments	
F1	S. 30(2) omitted (17.7.2012) by virtue of Finance Act 2012 (c. 14), Sch. 29 para. 13(a)
Marginal Citations	
M1	1994 c. 23.

31 Groups: anti-avoidance.

(1) In section 43 of the ^{M2}Value Added Tax Act 1994 (groups of companies), after subsection (8) there shall be inserted the following subsection—

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- “(9) Schedule 9A (which makes provision for ensuring that this section is not used for tax avoidance) shall have effect.”
- (2) After Schedule 9 to that Act there shall be inserted the Schedule set out in Schedule 4 to this Act.
- (3) In section 83 of that Act (appeals), after paragraph (w) there shall be inserted the following paragraph—
- “(wa) any direction or assessment under Schedule 9A;”.
- (4) In section 84 of that Act (further provisions relating to appeals), after subsection (7) there shall be inserted the following subsection—
- “(7A) Where there is an appeal against a decision to make such a direction as is mentioned in section 83(wa), the cases in which the tribunal shall allow the appeal shall include (in addition to the case where the conditions for the making of the direction were not fulfilled) the case where the tribunal are satisfied, in relation to the relevant event by reference to which the direction was given, that—
- (a) the change in the treatment of the body corporate, or
- (b) the transaction in question,
- had as its main purpose or, as the case may be, as each of its main purposes a genuine commercial purpose unconnected with the fulfilment of the condition specified in paragraph 1(3) of Schedule 9A.”
- (5) Subsection (1A) of section 43 of that Act shall not have effect in relation to supplies on or after the day on which this Act is passed.

Marginal Citations

M2 1994 c. 23.

32 Supplies of gold etc.

- (1) In section 55 of the Value Added Tax Act 1994 (supplies of gold), for paragraph (a) of subsection (5) there shall be substituted the following paragraph—
- “(a) any supply of goods consisting in fine gold, in gold grain of any purity or in gold coins of any purity; or”.
- (2) This section applies in relation to any supply after 28th November 1995.

33 Small gifts.

- (1) In Schedule 4 to the ^{M3}Value Added Tax Act 1994 (matters to be treated as supply of goods or services), in paragraph 5(2)(a) (gift of goods in the course or furtherance of a business not a supply if cost to donor is not more than £10), for “£10” there shall be substituted “£15”.
- (2) At the end of paragraph 5 of Schedule 4 to that Act there shall be inserted the following sub-paragraph—

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“(7) The Treasury may by order substitute for the sum for the time being specified in sub-paragraph (2)(a) above such sum, not being less than £10, as they think fit.”

(3) In section 97(4) of that Act (orders which are subject to affirmative procedure), after paragraph (a) there shall be inserted the following paragraph—

“(ab) an order under paragraph 5(7) of Schedule 4 substituting a lesser sum for the sum for the time being specified in paragraph 5(2)(a) of that Schedule;”.

(4) Subsection (1) above shall apply where a gift is made after 28th November 1995.

Marginal Citations

M3 1994 c. 23.

Status:

Point in time view as at 01/04/2015.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1996, Cross Heading:
Other provisions relating to charges to VAT.