
EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends article 12 of the Value Added Tax (Special Provisions) Order 1981 by substituting a new article 12. This new article continues to remove from the scope of value added tax most transfers of businesses as going concerns, but now expressly provides for an exception to the extent that the assets being transferred consist of certain categories of lands or buildings. These are:

- (i) land or buildings in respect of which the transferor has made an election to waive exemption (often referred to as “the option to tax”); and
- (ii) new and unfinished buildings and civil engineering works ordinarily liable to tax at the standard rate,

where the transferee has not, before the earliest relevant time of supply, made an election to waive exemption in respect of the land or buildings concerned which has effect on that date and has complied with any requirements relating to notification.