

STATUTORY INSTRUMENTS

1992 No. 3122

The Value Added Tax (Cars) Order 1992

Relief for second-hand motor cars **U.K.**

[^{F1}8.—(1) Subject to complying with such conditions (including the keeping of such records and accounts) as the Commissioners may direct in a notice published by them for the purposes of this Order or may otherwise direct, and subject to paragraph (3) below, where a person supplies a used motor car which he took possession of in any of the circumstances set out in paragraph (2) below, he may opt to account for the VAT chargeable on the supply on the profit margin on the supply instead of by reference to its value.

(2) The circumstances referred to in paragraph (1) above are that the taxable person took possession of the motor car pursuant to—

- (a) a supply in respect of which no VAT was chargeable under the Act or under Part I of the Manx Act;
- (b) a supply on which VAT was chargeable on the profit margin in accordance with paragraph (1) above, or a corresponding provision made under the Manx Act or a corresponding provision of the law of another member State;

[^{F2}(bb) a supply [^{F3}received before 1st March 2000] to which the provisions of article 7(4) of the Value Added Tax (Input Tax) Order 1992 applied;]

[^{F4}(c) a transaction except one relating to the transfer of the assets of a business or part of a business as a going concern which was treated by virtue of any Order made or having effect as if made under section 5(3) of the Act or under the corresponding provisions of the Manx Act as being neither a supply of goods nor a supply of services,]

[^{F5}(d) a transaction relating to the transfer of the assets of a business or part of a business as a going concern which was treated as neither a supply of goods nor a supply of services if the transferor took possession of the goods in any of the circumstances described in this paragraph.]

(3) This article does not apply to—

- (a) a supply which is a letting on hire;
- (b) the supply by any person of a motor car which was produced by him, if it was neither previously supplied by him in the course or furtherance of any business carried on by him nor treated as so supplied by virtue of article 5 above;
- (c) any supply if an invoice or similar document showing an amount as being VAT or as being attributable to VAT is issued in respect of the supply;

[^{F6}(d)

[^{F7}(4)

(5) Subject to paragraph (6) below, for the purposes of determining the profit margin—

- (a) the price at which the motor car was obtained shall be calculated as follows—

- (i) (where the taxable person took possession of the used motor car pursuant to a supply) in the same way as the consideration for the supply would be calculated for the purposes of the Act;
- (ii) (where the taxable person is a sole proprietor and the used motor car was supplied to him in his private capacity) in the same way as the consideration for the supply to him as a private individual would be calculated for the purposes of the Act;
- [^{F8}(iii) (where the taxable person took possession of the goods pursuant to a transaction relating to the transfer of the assets of a business or part of a business as a going concern which was treated by virtue of any Order made or having effect as if made under section 5(3) of the Act, or under the corresponding provisions of the Manx Act, as neither a supply of goods nor a supply of services) as being the price at which the earliest of his predecessors obtained the goods;]
- (b) the price at which the motor car is sold shall be calculated in the same way as the consideration for the supply would be calculated for the purposes of the Act [^{F9};
- (c) in relation to any goods, a person is the predecessor of another for the purposes of this article if—
- (i) that other person is a person to whom he has transferred assets of his business by a transfer of that business, or a part of it, as a going concern;
- (ii) those assets consisted of or included those goods; and
- (iii) the transfer of the assets is one falling by virtue of an Order made or having effect as if made under section 5(3) of the Act, or under the corresponding provisions of the Manx Act, to be treated as neither a supply of goods nor a supply of services;
- and the reference in sub-paragraph (a) above to a person's predecessors includes a reference to the predecessors of his predecessors through any number of transfers].
- (6) Subject to paragraph (7) below, where the taxable person is an agent acting in his own name the price at which the motor car was obtained shall be calculated in accordance with paragraph 5(a) above but the selling price calculated in accordance with paragraph 5(b) above shall be increased by the amount of any consideration payable to the taxable person in respect of services supplied by him to the purchaser in connection with the supply of the motor car.
- (7) Instead of calculating the price at which the motor car was obtained or supplied in accordance with paragraph (6) above, an auctioneer acting in his own name may—
- [^{F10}(a) calculate the price at which the motor car was obtained by deducting from the successful bid the amount of the commission payable to him under his contract with the vendor for the sale of the motor car;]
- (b) calculate the price at which the motor car was supplied by adding to the successful bid the consideration for any supply of services by him to the purchaser in connection with the sale of the motor car,
- in either (or both) cases excluding the consideration for supplies of services that are not chargeable to VAT.]

Textual Amendments

- F1** Art. 8 substituted (1.6.1995) by [The Value Added Tax \(Cars\) \(Amendment\) Order 1995 \(S.I. 1995/1269\)](#), arts. 1, 7
- F2** Art. 8(2)(bb) inserted (1.8.1995) by [The Value Added Tax \(Cars\) \(Amendment\) \(No. 2\) Order 1995 \(S.I. 1995/1667\)](#), arts. 1, **8(a)**
- F3** Words in art. 8(2)(bb) inserted (1.3.2000) by [The Value Added Tax \(Cars\) \(Amendment\) Order 1999 \(S.I. 1999/2832\)](#), arts. 1(3), **10**

- F4** Art. 8(2)(c) substituted (3.7.1997) by The Value Added Tax (Cars) (Amendment) Order 1997 (S.I. 1997/1615), arts. 1, **3**
- F5** Art. 8(2)(d) inserted (3.7.1997) by The Value Added Tax (Cars) (Amendment) Order 1997 (S.I. 1997/1615), arts. 1, **4**
- F6** Art. 8(3)(d) revoked (1.8.1995) by The Value Added Tax (Cars) (Amendment) (No. 2) Order 1995 (S.I. 1995/1667), arts. 1, **8(b)**
- F7** Art. 8(4) revoked (1.8.1995) by The Value Added Tax (Cars) (Amendment) (No. 2) Order 1995 (S.I. 1995/1667), arts. 1, **8(c)**
- F8** Art. 8(5)(a)(iii) inserted (18.3.1998) by The Value Added Tax (Cars) (Amendment) Order 1998 (S.I. 1998/759), arts. 1, **4(1)**
- F9** Art. 8(5)(c) and semicolon inserted (18.3.1998) by The Value Added Tax (Cars) (Amendment) Order 1998 (S.I. 1998/759), arts. 1, **4(2)**
- F10** Art. 8(7)(a) substituted (2.1.2002) by The Value Added Tax (Cars) (Amendment) Order 2001 (S.I. 2001/3754), arts. 1, **3**

Commencement Information

- I1** Art. 8 in force at 1.1.1993, see **art. 1**

Status:

Point in time view as at 02/01/2002. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the The Value Added Tax (Cars) Order 1992, Section 8.