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STATUTORY INSTRUMENTS

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**1992 No. 3122**

**The Value Added Tax (Cars) Order 1992**

**Relief for second-hand motor cars**

- 8.—(1) Subject to paragraph (2) below—
- (a) on the supply by any person of a used motor car, tax shall be chargeable as if the supply were for a consideration equal to the excess of—
    - (i) the consideration for which the motor car is supplied by him, over
    - (ii) the consideration for which the motor car was obtained by him,and accordingly shall not be charged unless there is such an excess;
  - (b) on the supply by a person of a used motor car which was acquired by him from another member State, or imported by him, the consideration for which the motor car was obtained by him shall be taken to be the value of its acquisition or, as the case may require, its value for the purposes of charging tax on importation, together with any tax chargeable in respect of the acquisition, or, as the case may be, the importation of the motor car;
  - (c) on the supply by a person of a used car previously treated under article 5 above as supplied by him, paragraph (a) above shall apply as if for the consideration referred to in subparagraph (ii) there were substituted the amount by reference to which tax was chargeable on the previous supply plus the tax so chargeable.
- (2) 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 tax or as being attributable to tax is issued in respect of the supply;
  - (d) a supply by a car dealer unless he keeps such records and accounts as the Commissioners may specify in a notice published by them for the purposes of this Order or may recognise as sufficient for those purposes;
  - (e) save where it has previously been treated as supplied by him by virtue of article 6 above, the supply by a taxable person of a motor car where its supply to him, or its acquisition by him from another member State, or its importation by him, was primarily for any of the following purposes—
    - (i) being provided by him for hire with the services of a driver for the purpose of carrying passengers;
    - (ii) being provided by him for self-drive hire;
    - (iii) being used as a vehicle in which instruction in the driving of a motor car is to be given by him; or
    - (iv) the letting on hire to a person who is not a taxable person on condition that he uses the motor car primarily for one of the purposes described in paragraphs (i) to (iii) above.

(3) For the purposes of paragraph (2)(e) above “self-drive hire” means hire where the hirer is the person normally expected to drive the motor car and the period of hire to each hirer, together with the period of hire of any other motor car expected to be hired to him by the taxable person—

- (a) will normally be less than 30 consecutive days; and
- (b) will normally be less than 90 days in any period of 12 months.

(4) Where a car dealer has failed to keep all such records and accounts as the Commissioners have specified, and the Commissioners do not recognise other records and accounts kept as sufficient, tax shall be chargeable as provided in paragraph (5) below if the following conditions are satisfied—

- (a) such records as the Commissioners have specified are available in relation to the purchase of the motor car or in relation to the supply of the motor car by him;
- (b) the Commissioners are of the opinion that the mark-up achieved by him does not exceed 100 per cent; and
- (c) the supply is otherwise eligible for the relief afforded by this article.

(5) The tax chargeable in the circumstances referred to in paragraph (4) above shall be either—

- (a) where only the specified records in relation to the purchase of the motor car are available, as if the supply by the car dealer were for a consideration equal to the consideration for which the motor car was purchased by him; or
- (b) where only the specified records in relation to the supply by him are available, as if the supply by the car dealer were for a consideration equal to half the consideration for which the motor car was supplied by him.