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STATUTORY INSTRUMENTS

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**1995 No. 1267**

**VALUE ADDED TAX**

**The Value Added Tax (Input Tax)  
(Amendment) (No 2) Order 1995**

*Approved by the House of Commons*

<i>Made</i>	- - - -	<i>10th May 1995</i>
<i>Laid before the House of Commons</i>	- - - -	<i>10th May 1995</i>
<i>Coming into force</i>	- -	<i>1st June 1995</i>

The Treasury, in exercise of the power conferred on them by section 25(7) of the Value Added Tax Act 1994<sup>(1)</sup> and of all other powers enabling them in that behalf, hereby make the following Order:

**Citation and commencement**

1. This Order may be cited as the Value Added Tax (Input Tax) (Amendment) (No 2) Order 1995 and shall come into force on 1st June 1995.

2. The Value Added Tax (Input Tax) Order 1992<sup>(2)</sup> shall be amended in accordance with the following articles.

3. In article 2—

(a) the definitions of “caravan”, “firearms”, “motorcycle”, “works of art”, “antiques” and “collectors' pieces” shall be omitted;

(b) after the definition of the “the Manx Act” there shall be inserted—

““antiques” means objects other than works of art or collectors' items, which are more than 100 years old;

“collectors' items” means the following goods—

postage or revenue stamps, postmarks, first-day covers, pre-stamped stationery and the like, franked, or if unfranked not being of legal tender and not being intended for use as legal tender.

collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest;”

(c) after the definition of “printed matter” there shall be inserted—

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(1) 1994 c. 23.

(2) S.I.1992/3222.

““Second-hand goods” means tangible moveable property (including motor cars) that is suitable for further use as it is or after repair other than works of art, collectors' items or antiques and other than precious metals and precious stones;

“works of art” means the following goods—

pictures, collages and similar decorative plaques, paintings and drawings, executed entirely by hand by the artist, other than plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, hand-decorated manufactured articles, theatrical scenery, studio back cloths or the like of painted canvas,

original engravings, prints and lithographs, being impressions produced in limited numbers directly in black and white or in colour of one or of several plates executed entirely by hand by the artist irrespective of the process or of the material employed by him, but not including any mechanical or photomechanical process,

original sculptures and statuary, in any material, provided that they are executed entirely by the artist; sculpture casts the production of which is limited to eight copies (or, in relation to statuary casts produced before 1st January 1989, such greater number of copies as the Commissioners of Customs and Excise may in any particular case allow) and supervised by the artist or his successors in title;

tapestries and wall textiles made by hand from original designs provided by artists, provided that there are not more than eight copies of each,

individual pieces of ceramics executed entirely by the artist and signed by him,

enamels on copper, executed entirely by hand, limited to eight numbered copies bearing the signature of the artist or the studio, excluding articles of jewellery and goldsmiths' and silversmiths' wares,

photographs taken by the artist, printed by him or under his supervision, signed and numbered and limited to 30 copies, all sizes and mounts included;”

4. For article 4 there shall be substituted—

“4.—(1) Subject to paragraph (4) below, tax charged on the—

- (a) supply;
- (b) acquisition from another member State; or
- (c) importation,

of any goods such as are described in paragraph (2) below which are supplied to, or acquired from another member State or imported by, a taxable person in the circumstances described in paragraph (3) below shall be excluded from any credit under section 25 of the Act;

(2) The goods referred to in paragraph (1) above are—

- (a) works of art, antiques and collectors' items
- (b) second-hand goods;

(3) The circumstances of the supply, acquisition from another member State or importation referred to in paragraph (1) above are—

- (a) a supply on which, by virtue of an Order made under Section 50A(3) of the Act or a corresponding provision of the Manx Act or by virtue of a corresponding provision of the law of another member State, VAT was chargeable on the profit margin;

- (b) (if the goods are a work of art, an antique or a collectors' item) the taxable person imported it himself;
- (c) (if the goods are a work of art) it was supplied to the taxable person by, or acquired from another member State by him from its creator or his successor in title;
- (4) Paragraph (1) above shall only apply to exclude from credit, tax chargeable on a supply of goods to or an acquisition or importation of goods by a taxable person in the circumstances set out in paragraph (3)(b) and (c) above if the taxable person—
  - (a) has opted to account for VAT chargeable on his supplies of such goods on the profit margin and
  - (b) has not elected to account for VAT chargeable on his supply of the goods by reference to its value, in accordance with the provisions of an Order made under section 50A of the Act.”

10th May 1995

*Derek Conway*  
*Andrew McKay*  
Two of the Lord Commissioners of Her  
Majesty's Treasury

*Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.*

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

Under the directive of the Council of the European Communities dated 17th May 1977, No. [77/388/EEC](#) (OJ No. L145, 13.7.77, p. 1) as amended by the directive of that Council dated 14th February 1994, No. [94/5/EC](#) (OJ No. L60, 3.3.94, p. 16) effective from 1st January 1995, member States are required to provide, for certain goods, a scheme of accounting on which VAT is calculated by reference to the profit margin (the margin scheme). The directives enable the United Kingdom to allow taxable persons to continue to calculate VAT by reference to the profit margin on certain goods and also to extend this facility to other goods, all of which become subject to conditions contained in the directives. One of these conditions is that goods supplied under the margin scheme are always taxable in the member State of origin and thus the normal VAT rules for intra-EC transactions do not apply.

This order amends the [Value Added Tax \(Input Tax\) Order 1992 \(No. 3222\)](#) (the 1992 Order).

Article 3 amends article 2 of the 1992 order, by deleting reference to certain itemised goods which now fall under a new definition of second-hand goods and by defining works of art, antiques and collectors' items in terms of the above directives.

Article 4 substitutes a new article 4 for that of the 1992 order, which omits references to certain itemised goods and replaces them with a single definition encompassing them all. It also substitutes “collectors' items” for “collectors' pieces” thereby widening the range of goods covered by this article in accordance with the above directives. It extends the circumstances in which the VAT on goods described in paragraph 4(2) are excluded from credit as input tax as a condition of a wider range of goods being eligible to be supplied under the margin scheme of accounting. It inserts a new paragraph 4(4) which ensures that the exclusion from credit as input tax does not apply where the goods are not, and are not to be, supplied under the margin scheme.