
EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Value Added Tax (Input Tax) Order 1992.

In order to maintain parity of treatment between speculative builders of dwellings and contract builders of dwellings article 6 of the 1992 Order excluded from input tax credit tax on goods installed in a dwelling by a speculative builder which would not be zero-rated under Group 8 of Schedule 5 to the Value Added Tax Act 1983 (now Group 5 of Schedule 8 to the Value Added Tax Act 1994). Group 5 of Schedule 8 has been substituted by the Value Added Tax (Construction of Buildings) Order 1995 (S.I. [1995/280](#)), and provisions dealing with the supplies of building materials in the course of an approved alteration have been moved to Group 6 by the Value Added Tax (Protected Buildings) Order 1995 (S.I. [1995/283](#)). Articles 2(b) and 6 of this Order make the necessary amendments to the 1992 Order to ensure that parity between speculative and contract builders is maintained. The substituted article 6 also applies the input tax restriction to speculative builders of all buildings to which Group 5 and Group 6 of Schedule 8 to the Value Added Tax Act 1994 apply rather than just dwellings.

In addition, the opportunity has been taken to substitute references to the provisions of the Value Added Tax Act 1994 for references to the Value Added Tax Act 1983.