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STATUTORY INSTRUMENTS

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**1998 No. 760**

**VALUE ADDED TAX**

**The Value Added Tax (Special Provisions) (Amendment) Order 1998**

<i>Made</i>	- - - -	<i>17th March 1998</i>
<i>Laid before the House of Commons</i>	- - - -	<i>17th March 1998</i>
<i>Coming into force</i>	- -	<i>18th March 1998</i>

The Treasury, in exercise of the powers conferred on them by section 50A of the Value Added Tax Act 1994(1) and of all other powers enabling them in that behalf, hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Special Provisions) (Amendment) Order 1998 and shall come into force on 18th March 1998.

2. The Value Added Tax (Special Provisions) Order 1995(2) shall be amended in accordance with the following provisions of this Order.

3. In article 2 (Interpretation) for “the Value Added Tax and other Taxes Act 1973” there shall be substituted “the Value Added Tax Act 1996”(3).

4. In article 5(1)(a)(ii) and article 5(1)(b)(iii) for “section 2(2)” there shall be substituted “section 3(1)”.

5. In article 12(4)(b)(i) and article 12(8) for “(3)(a)(iv)” there shall be substituted “(3)(a)(v)”.

6.—(1) After article 12(5)(a)(iv) there shall be inserted—

“(v) (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;”

(2) After article 12(5)(b) there shall be added—

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(1) 1994 c. 23; section 50A was inserted by section 24 of the Finance Act 1995 (c. 4).

(2) S.I. 1995/1268; article 12 was amended by S.I. 1997/1616 and there have been other amendments which are not relevant to this Order.

(3) Act of Tynwald 1996 (c. 1).

- (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.”

*Graham Allen*

*Jim Dowd*

Two of the Lords Commissioners of Her Majesty's Treasury

17th March 1998

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## EXPLANATORY NOTE

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

This Order, which comes into force on 18th March 1998, amends the Value Added Tax (Special Provisions) Order 1995 (S.I.1995/1268) (the “principal Order”).

Under the principal Order, VAT on eligible goods may be charged by reference to the dealer’s profit margin rather than on the full selling price. The effect of article 6 of this Order is that any number of transfers of a business as a going concern will not alter the purchase price of the goods for the purposes of the margin scheme.

Articles 3 and 4 update references to Manx legislation.

Article 5 makes amendments consequential to S.I. 1997/1616.

Article 6 amends article 12(5)(a) of the principal Order to provide that, for the purpose of determining the profit margin, the purchase price of eligible goods remains unchanged by the transfer of a business as a going concern through any number of such transfers.