
STATUTORY INSTRUMENTS

2002 No. 1502

The Value Added Tax (Cars) (Amendment) Order 2002

2. Article 8 of the Value Added Tax (Cars) Order 1992(1) is amended as follows—
- (a) for sub-paragraphs (c) and (d) of paragraph (2), substitute—
 - “(c) a de-supplied transaction, other than an article 5 transaction;
 - (d) subject to paragraph (2A) below, an article 5 transaction.”;
 - (b) after paragraph (2), insert—
 - “(2A) An article 5 transaction does not fall within sub-paragraph (d) of paragraph (2) above unless the taxable person has a relevant predecessor in title.”;
 - (c) for paragraph (iii) of paragraph (5)(a), substitute—
 - “(iii) (where the taxable person took possession of the motor car pursuant to a de-supplied transaction, other than an article 5 transaction) by taking the price he paid pursuant to the transaction;
 - (iv) (where the taxable person took possession of the motor car pursuant to an article 5 transaction) by taking the price at which his relevant predecessor in title obtained the motor car.”;
 - (d) omit sub-paragraph (c) of paragraph (5); and
 - (e) after paragraph (7) add—
 - “(8) For the purposes of this article—
 - “article 5 transaction” means a transaction which is a de-supplied transaction by virtue of a provision of article 5 of the Value Added Tax (Special Provisions) Order 1995(2) or a corresponding provision made under the Manx Act(3);
 - “de-supplied transaction” means a transaction 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 or goods nor a supply of services.
 - (9) For the purposes of this article a person is a relevant predecessor in title of a taxable person if—
 - (a) he is the person from whom the taxable person took possession of the motor car and himself took possession of it pursuant to a transaction within any of sub-paragraphs (a) to (c) of sub-paragraph (2) above; or
 - (b) where the motor car has been the subject of a succession of two or more article 5 transactions (culminating in the article 5 transaction to which the taxable person was a party), he was a party to one of those transactions and himself

(1) S.I.1992/3122; article 8 was substituted by S.I. 1995/1269, and other relevant amending instruments are S.I. 1995/1667, S.I. 1997/1615, S.I. 1998/759, S.I. 1999/2832 and S.I. 2001/3754.

(2) S.I. 1995/1268; relevant amending instruments are S.I. 1997/1616, S.I. 1998/760, S.I. 1999/2831, S.I. 1999/3120 and S.I. 2001/3753.

(3) Article 2 of the Value Added Tax (Cars) Order 1992 was amended by S.I. 1998/759 so as to define the Manx Act as “the Value Added Tax Act 1996” (Act of Tynwald 1996; c.1).

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took possession of the motor car pursuant to a transaction within any of sub-paragraphs (a) to (c) of sub-paragraph (2) above.”.