
STATUTORY INSTRUMENTS

2003 No. 1569

VALUE ADDED TAX

The Value Added Tax (Finance) (No. 2) Order 2003

Made - - - - 16th June 2003
Laid before the House of
Commons - - - - 16th June 2003
Coming into force in accordance with article 1

The Treasury, in exercise of the powers conferred on them by sections 31(2) and 96(9) 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 (Finance) (No. 2) Order 2003 and shall apply in relation to any services performed on or after 1st August 2003.
2. Group 5 of Schedule 9 to the Value Added Tax Act 1994(2) is varied as follows:
 - (a) after item 2 insert—

“2A The management of credit by the person granting it.”;
 - (b) in item 9 omit “by the operator of the scheme”;
 - (c) for item 10 substitute “The management of the scheme property of an open-ended investment company.”;
 - (d) omit Note (2A);
 - (e) in Note (5A) omit everything after “receive financial services”;
 - (f) in Note (6) omit the definition of “operator”;
 - (g) omit Note (7);
 - (h) in Note (8) omit “and Note (7)”;
 - (i) omit Note (9).

(1) 1994 c. 23.

(2) Group 5 was varied by S.I. 1997/510, S.I. 1999/594 and S.I. 2001/3649.

16th June 2003

Nick Ainger
John Heppell
Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, together with the Value Added Tax (Finance) Order 2003, applies to services performed on or after 1st August 2003. It amends Group 5 of Schedule 9 (exempt financial services) to the Value Added Tax Act 1994 to clarify the scope of the Group following recent litigation. The amendments in Article 2(a) to (c) complement, and form a package with, the amendments made to credit management services in the Value Added Tax (Finance) Order 2003.

The amendments set out in Article 2(d) to (i) redefine the scope of the exemption for services consisting of the management of authorised unit trust schemes, trust based schemes (item 9) and open-ended investment companies (item 10) so as to make it clear that such services are exempt even when supplied by third parties. Previously the exemption only extended to management services supplied by the operators of such schemes or by the authorised corporate director of an open-ended investment company.