

2004 No. 3084

VALUE ADDED TAX

The Value Added Tax (Cars) (Amendment) Order 2004

Made - - - - - *24th November 2004*

Laid before the House of Commons *24th November 2004*

Coming into force - - - *1st January 2005*

The Treasury, in exercise of the powers conferred upon them by section 5(3) of the Value Added Tax Act 1994(a), hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Cars) (Amendment) Order 2004 and comes into force on 1st January 2005.

2. In article 2 of the Value Added Tax (Cars) Order 1992(b) –

(a) omit the definition of “insurer” in paragraph (1); and

(b) omit paragraph (2).

24th November 2004

Derek Twigg
Jim Murphy
Two of the Lords Commissioners of
Her Majesty’s Treasury

(a) 1994 c.23.

(b) S.I.1992/3122 to which relevant amendments were made by article 432 of S.I.2001/3649.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 1st January 2005, amends article 2 of the Value Added Tax (Cars) Order 1992 (S.I.1992/3122).

Article 2 deletes the definition of insurer and an associated provision as a consequence of the amendments made to Group 2 of Schedule 9 to the Value Added Tax Act 1994 (c.23) by the Value Added Tax (Insurance) Order 2004 (S.I.2004/3083), as a result of which the Act no longer links VAT exemption for insurance and reinsurance transactions to the particular regulatory status of the insurer.

This means that article 4(1)(b) of the Value Added Tax (Cars) Order 1992, which treats the disposal of a used motor car by an insurer who has taken it in settlement of an insurance claim as neither a supply of goods nor services (where it is disposed of in the same condition as when it was so taken), is no longer conditional on the regulatory status of the insurer.

A full regulatory impact assessment has not been produced for this instrument as it has negligible impact on the costs of businesses, charities or voluntary bodies.

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