
EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 1st November 2006, amends Group 4 of Schedule 9 to the Value Added Tax Act 1994. Group 4 exempts from VAT certain types of betting, gaming and lotteries.

Article 2 of this Order changes the scope of the exemption in relation to games of chance by restricting it to games of chance played for prizes (prizes are not a condition of the existing exemption). Free plays are not prizes for this purpose.

There is a new definition of a game of chance, as well as of playing a game of chance and playing a game of chance for a prize. The existing definition of game of chance refers to the Gaming Act 1968 definition, which is to be repealed by appointed day order made under the Gambling Act 2005. Also, whereas the existing definition relied on different statutory provisions for Northern Ireland, the new definition will apply throughout the United Kingdom. There is no material difference between the existing Great Britain and Northern Ireland definitions, or between those existing definitions and the new one.

Gaming machines continue to be excluded from the exemption, but a new definition provides simply that these are machines within section 23 of this Act (the definition in each is effectively the same). This allows the earlier Order amending Group 4 to be revoked as spent.

Similar changes to several of the definitions described above are also being made to the same expressions used in the valuation provisions in section 23 of the Value Added Tax Act 1994 by the Value Added Tax (Gaming Machines) Order 2006, although those other expressions apply only to gaming machines.

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