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## EXPLANATORY NOTE

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

This Order comes into force on 1st October 2008. It varies Group 5 of Schedule 9 (exempt supplies of financial services) to the Value Added Tax Act 1994 (c. 23) (“the Act”) to modify and clarify the scope of the Group.

Article 135(1)(g) of the Principal VAT Directive (Council Directive 2006/112 EC, OJ No L 347, 11.12.06, p1) requires member States to exempt from value added tax the management of special investment funds as defined by the member State in question.

Group 5 of Schedule 9 to the Act exempts from value added tax certain supplies relating to finance. Article 2 of this Order varies Group 5 by substituting Items 9 and 10 of, and Note (6) to, the Group.

Item 9, as amplified by Note (6), exempts the management of an authorised unit trust scheme within the meaning given in section 237(3) of the Financial Services and Markets Act 2000 (c. 8) and certain collective investment schemes recognised pursuant to sections 264, 270 or 272 of that Act or to an order made pursuant to section 409(d) or (f) of that Act. It also exempts the management of an open-ended investment company within the meaning given in section 237(3) of that Act.

Item 10 exempts the management of a closed-ended collective investment undertaking as defined in Note (6) by reference to an undertaking’s investment objectives and official listing and trading of its shares or equivalent units.

A full and final Impact Assessment has not been produced for this instrument as a negligible impact on the private or voluntary sectors is foreseen.