

2021 No. 1023

VALUE ADDED TAX

**The Value Added Tax (Treatment of Transactions) (Revocation)
Order 2021**

Made - - - - - *9th September 2021*
Laid before the House of Commons *10th September 2021*
Coming into force - - - *21st October 2021*

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

Citation, commencement and effect

1. This Order may be cited as the Value Added Tax (Treatment of Transactions) (Revocation) Order 2021 and comes into force on 21st October 2021.

2.—(1) Where —

- (a) an employer is providing an employee with the right to use a motor car privately under a contract entered into before 21st October 2021 that does not exceed three years in duration, and
- (b) before 21st October 2021, the employer has reduced the price of the supply as a direct and sole consequence of being refunded the amount of VAT chargeable on the supply under section 41(3) of the Value Added Tax Act 1994,

article 3 only has effect in relation to supplies made under any subsequent contract entered into on or after 21st October 2021.

(2) In all other cases, article 3 has effect in relation to supplies made on or after 21st October 2021.

Revocation of the Value Added Tax (Treatment of Transactions) Order 1992

3. The Value Added Tax (Treatment of Transactions) Order 1992(b) is revoked.

Michael Tomlinson
Rebecca Harris

9th September 2021

Two of the Lords Commissioners of Her Majesty's Treasury

(a) 1994 c. 23. The Value Added Tax (Treatment of Transactions) Order 1992 (S.I. 1992/630) was made under section 3(3) of the Value Added Tax Act 1983 (c. 55), that section was repealed by paragraph 1 of Schedule 15 to the Value Added Tax Act 1994 and re-enacted in section 5(3) of the Value Added Tax Act 1994.

(b) S.I. 1992/630.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order revokes the Value Added Tax (Treatment of Transactions) Order 1992 (S.I. 1992/630; “the 1992 Order”). The 1992 Order provided for the treatment of salary sacrifice transactions in respect of employee vehicles made available for private use as neither supplies of goods nor supplies of services.

Article 1 provides that the Order will come into force on 21st October 2021. Article 2 provides that the Order will have effect from 21st October 2021 unless the supply is under a contract of less than three years in duration, entered into before 21st October 2021, where the employer has passed the benefit of the value added tax refund on to the employee, in which case the Order has effect in relation to supplies made under contracts entered into on or after 21st October 2021.

Once the 1992 Order is revoked, the Value Added Tax (Cars) Order 1992 (S.I. 1992/3122) will apply and exclude from the scope of value added tax disposals without consideration of any motor car in relation to which deduction of input tax has been disallowed.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

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