STATUTORY INSTRUMENTS

1974 No. 661

COUNTER-INFLATION

The Counter-Inflation (Price and Pay Code) (Amendment) Order 1974

Made - - - -	*4th April* 1974
Laid before Parliament	*4th April* 1974
Coming into Operation	*5th April* 1974

The Treasury, in exercise of the powers conferred on them by section 2 of the Counter-Inflation Act 1973(**a**) and of all other powers enabling them in that behalf, and having consulted the Price Commission and the Pay Board and representatives of consumers, persons experienced in the supply of goods or services, employers and employees and other persons in accordance with subsection (4) of the said section 2, hereby make the following Order:

1. (1) This Order may be cited as the Counter-Inflation (Price and Pay Code) (Amendment) Order 1974 and shall come into operation on 5 April 1974.

(2) The Interpretation Act 1889(**b**) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

2. The Schedule to the Counter-Inflation (Price and Pay Code) (No. 2) Order 1973(**c**) shall have effect subject to the amendments specified in the Schedule to this Order.

John Golding,
Donald R. Coleman,

Two of the Lords Commissioners of Her Majesty's Treasury.

4th April 1974.

SCHEDULE

Article 2

1. Insert, next after paragraph 26, the following paragraph—

" 26A (i) Where after 25 March 1974 an indirect tax has been increased, an addition not exceeding the cash amount of the increase borne by the vendor may be made to the prices permitted by other provisions of the Code for goods bearing the increased tax. Where an indirect tax is reduced the reduction must be fully reflected in prices.

(ii) This paragraph applies also to the effects of changes in the coverage of indirect taxes.

(iii) In calculating maximum permitted price increases after 25 March 1974, the figures for total costs per unit and the selling price at the base date must exclude any additions or reductions under this paragraph.

(iv) VAT is not regarded as part of the price for calculating prices and price increases for manufacturing and service enterprises, and this paragraph does not affect the treatment of VAT for this purpose."

(**a**) 1973 c. 9. (**b**) 1889 c. 63. (**c**) S.I. 1973/1785 (1973 III, p. 5445).

2. In paragraph 63, 7th line, before " excise " insert " customs and "; and at the end add—

" and of other changes in those duties. Where indirect taxes have been increased after 25 March 1974, a deduction should be made from the value of sales corresponding to the cash value of the extra tax borne by the goods sold; conversely, where indirect taxes have been reduced after 25 March 1974, a corresponding addition should be made to the value of sales."

3. Insert, next after paragraph 74, the following paragraph—

" 74A. Where indirect taxes have been increased after 25 March 1974, an addition not exceeding the cash amount of the increase may be made to prices charged by distributors. Where indirect taxes are reduced, the reduction must be fully reflected in prices. The cash amount of the increase or reduction need not however be applied precisely to the goods bearing the indirect taxes."

4. In paragraph 75, add at the end—

" In particular the cash value of increases in indirect taxes after 25 March 1974 should be deducted from both sales and costs of sales in arriving at current gross percentage margins. Similarly the cash equivalent of any tax reductions should be added to costs and sales."

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order amends the Counter-Inflation (Price and Pay Code) (No. 2) Order 1973 by inserting in Part 1 of the Schedule to that Order (which relates to prices and charges) provisions dealing with the effect of changes in indirect taxes.

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