STATUTORY INSTRUMENTS

# 1965 No. 2120

# CUSTOMS AND EXCISE

## The Export Rebates (United Kingdom Production and Manufacture) Order 1965

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| *Made* - - - - | 14*th December* 1965 |
| *Laid before the House of Commons* | 17*th December* 1965 |
| *Coming into Operation* | 1*st January* 1966 |

The Lords Commissioners of Her Majesty's Treasury, in exercise of the powers conferred on them by section 7 of the Finance (No. 2) Act 1964(a), hereby make the following Order :—

*General criterion for determining whether goods produced or manufactured in United Kingdom*

**1.** Subject to the provisions of this and any other Order for the time being in force under section 7 of the Finance (No. 2) Act 1964(a)—

(*a*) goods exported from the United Kingdom after the coming into operation of this Order shall be treated for the purposes of subsection (2) (*b*) of that section as produced or manufactured in the United Kingdom if, and only if, not less than 20 per cent. of the costs of their production or manufacture is attributable to United Kingdom expenditure ; and

(*b*) the question whether that condition is satisfied in respect of any such goods shall be determined in accordance with Article 2 of this Order.

**2.**—(1) For the purposes of Article 1 of this Order, the costs of production or manufacture of any goods are the costs incurred by the producer or manufacturer in relation to those goods before they are despatched in their final or finished state, and include the following items—

(*a*) the cost of any materials incorporated in the goods, less the amount of any customs or excise duty, or any surcharge or levy, incurred in respect of such materials which is subsequently refunded on the export of the goods ;

(*b*) the cost of labour directly employed in the production or manufacture of the goods ;

(*c*) overhead costs in respect of premises and land, plant, machinery and tools (including the cost of fuel and other substances used in the course of production or manufacture) ; and

(*d*) the cost of any process carried out in the course of production or manufacture by any independent contractor in performance of a contract with the producer or manufacturer ;

but, in computing the costs of production or manufacture as aforesaid, there shall not be included the profit of the producer or manufacturer, the profit or remuneration of any trader, broker, exporter or other person dealing with the

(a) 1964 c. 92.

goods in their final or finished state or any costs of carriage and freight or insurance incurred in respect of the goods in their final or finished state, and no account shall be taken of any rebate payable under the said section 7.

(2) For the purposes of the said Article, any such costs as are mentioned in sub-paragraph (*a*), (*b*), (*c*) or (*d*) of the preceding paragraph shall be treated as attributable to United Kingdom expenditure—

(*a*) in the case of any such costs as are mentioned in the said sub-paragraph (*a*) or (*d*), if, and in the same proportion as, the costs incurred by the producer or manufacturer of the materials or, as the case may be, by the person who carried out the process are attributable to United Kingdom expenditure ;

(*b*) in the case of any such costs as are mentioned in the said sub-paragraph (*b*) or (*c*), if they were incurred in respect of work done in the United Kingdom or, as the case may be, in respect of premises or land situated in, or plant, machinery or tools used in, the United Kingdom.

(3) For the purposes of the said Article, the costs of production or manufacture of any goods shall not be treated as attributable to United Kingdom expenditure so far as they consist of or include—

(*a*) costs (including insurance costs) incurred in connection with the carriage to the United Kingdom, or between places outside the United Kingdom, of materials incorporated in the goods, or

(*b*) the amount of any customs or excise duty, or any surcharge or levy, incurred in respect of any such materials.

(4) Where, in the case of any goods, costs of the kind mentioned in sub-paragraph (*a*) of the last preceding paragraph are incurred, or any such duty, surcharge or levy as is mentioned in sub-paragraph (*b*) of that paragraph is borne, by a person other than the producer or manufacturer of the goods, the cost of the materials in question shall, for the purpose of attributing it or any proportion of it to United Kingdom expenditure (but for no other purpose), be treated as reduced by the amount of those costs or, as the case may be, the amount of that duty, surcharge or levy or, if any part of the last mentioned amount is refunded on the export of the goods, by the balance thereof.

(5) Costs incurred in relation to containers or other forms of packing in which goods are packed and which are of a kind normally sold with them shall be treated for the purposes of the said Article as incurred in relation to the goods.

(6) Anything done by or on board a ship registered in, or an unregistered ship belonging to, the United Kingdom, shall be treated for the purposes of the said Article as done in the United Kingdom.

(7) In this Article " materials " includes components and unfinished goods.

*Special provision as respects wool tops*

**3.**—(1) Notwithstanding anything in Article 1 of this Order, wool tops exported from the United Kingdom on or after 1st October 1965 shall be treated for the purposes of subsection (2)(*b*) of the said section 7 as produced or manufactured in the United Kingdom if they were combed or carded therein.

(2) In this Article " wool tops " means tops of sheep's wool, lambs' wool or other animal hair, including broken tops, cut tops and carded slivers.

*Citation, commencement, etc.*

**4.**—(1) This Order may be cited as the Export Rebates (United Kingdom Production and Manufacture) Order 1965.

(2) This Order shall come into operation on 1st January 1966.

(3) Paragraphs 1 and 3 of the Export Rebates Order 1965(a) are hereby revoked, but this paragraph shall not affect the operation of the said paragraph 3 in relation to goods to which neither Articles 1 and 2 nor Article 3 of this Order apply.

*George Lawson*
*Harriet Slater*

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

14th December 1965.

## EXPLANATORY NOTE

*(This Note is not part of the Order.)*

This Order provides that goods shall be treated for export rebate purposes as produced or manufactured in the United Kingdom—

(i) in the generality of cases if not less than 20 per cent. of the costs of their production or manufacture is attributable to United Kingdom expenditure (certain costs being specified which are to be included in and excluded or deducted from these costs respectively for the purpose of deciding what proportion of them is so attributable), or

(ii) in the case of wool tops if they have been combed or carded in the United Kingdom.

The Order revokes the provisions of the Export Rebates Order 1965 as to what goods shall be treated for export rebate purposes as produced or manufactured in the United Kingdom, and other extant provisions of that Order, except as respects wool tops exported before 1st October 1965 and other goods exported before 1st January 1966.

(a) S.I. 1965/34 (1965 I, p. 25).