STATUTORY INSTRUMENTS

1972 No. 1166

VALUE ADDED TAX

The Input Tax (Exceptions) (No. 2) Order 1972

Made - - - -	1*st August* 1972
Laid before the House of Commons	9*th August* 1972
Coming into Operation	1*st April* 1973

The Treasury, in exercise of the powers conferred on them by section 3(6) of the Finance Act 1972(**a**) hereby make the following Order:—

1. This Order may be cited as the Input Tax (Exceptions) (No. 2) Order 1972 and shall come into operation on 1st April 1973.

2.—(1) 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) In this Order " tax ", " taxable person " and " input tax " have the same meanings as in Part I of the Finance Act 1972.

(3) In this Order " motor car " means, subject to paragraph (4) below, any motor vehicle of a kind normally used on public roads which has three or more wheels and either—

(*a*) is constructed or adapted solely or mainly for the carriage of passengers; or

(*b*) has to the rear of the driver's seat roofed accommodation which is fitted with side windows or which is constructed or adapted for the fitting of side windows.

(4) The following are not included in the definition of " motor car "—

(*a*) vehicles capable of accommodating only one person or suitable for carrying twelve or more persons;

(*b*) vehicles of not less than three tons unladen weight;

(*c*) caravans, ambulances and prison vans;

(*d*) vehicles of a type approved by the Assistant Commissioner of Police of the Metropolis as conforming to the conditions of fitness for the time being laid down by him for the purposes of the London Cab Order 1934(**c**);

(*e*) vehicles constructed for a special purpose other than the carriage of persons and having no other accommodation for carrying persons than such as is incidental to that purpose.

3. Tax on the supply or importation of a motor car shall not be deducted as input tax under section 3 of the Finance Act 1972 unless the motor car is supplied or imported for the purpose of its sale or the application to it of any treatment or process.

(**a**) 1972 c. 41. (**b**) 1889 c. 63. (**c**) S.R. & O. 1934 1346. (Rev. XIV, p. 795: 1934 I, p. 1221).

4. Where a motor car is supplied to or imported by a taxable person, and—

(*a*) tax on the supply or importation cannot be deducted as input tax by virtue of Article 3 of this Order; and

(*b*) the motor car is subsequently supplied by the taxable person and is so supplied otherwise than by being let on hire;

tax on the supply by the taxable person shall not be charged except to the extent (if any) that it exceeds the amount that could have been deducted as input tax but for Article 3 of this Order.

Tim Fortescue,
Hugh Rossi,
Two of the Lords Commissioners of Her Majesty's Treasury

1st August 1972.

EXPLANATORY NOTE

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

This Order disallows deduction of input tax on certain motor cars acquired by taxable persons for use in their business. The Order provides for consequential relief from output tax when the motor-car is finally disposed of by the business. The disallowance of deduction of input tax does not apply to cars acquired for sale or for treatment or process.

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