STATUTORY INSTRUMENTS

1972 No. 1167

VALUE ADDED TAX

The Input Tax (Exceptions) (No. 3) 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. 3) 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 " business ", " services ", " tax ", " taxable person " and " input tax " have the same meanings as in Part I of the Finance Act 1972.

(3) In this Order " business entertainment " means entertainment (including hospitality of any kind) provided by a taxable person in connection with a business carried on by him, but does not include the provision of anything for persons employed by the taxable person unless its provision for them is incidental to its provision for others.

(4) For the purposes of paragraph (3) above directors of a company or persons engaged in the management of a company shall be deemed to be persons employed by the company.

(5) In this Order " overseas customer ", in relation to a taxable person, means—

(*a*) any person who is not ordinarily resident nor carrying on a business in the United Kingdom and avails himself, or may be expected to avail himself, in the course of a business carried on by him outside the United Kingdom, of any goods or services the supply of which forms part of the taxable person's business; and

(*b*) any person who is not ordinarily resident in the United Kingdom and is acting, in relation to such goods or services, on behalf of an overseas customer as defined in paragraph (*a*) above or on behalf of any government or public authority of a country outside the United Kingdom.

3. Tax on the supply to a taxable person of goods or services used by him for the purpose of business entertainment shall not be deducted as input tax

(**a**) 1972 c. 41. (**b**) 1889 c. 63.

under section 3 of the Finance Act 1972 unless the entertainment is provided for an overseas customer of his and is of a kind and on a scale which is reasonable, having regard to all the circumstances.

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 business entertaining expenses (other than the expenses of entertaining overseas customers).

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