STATUTORY INSTRUMENTS

1977 No. 1221

PRICES

The Prices and Charges (Definitions) Regulations 1977

Made - - - -	*26th July* 1977
Laid before Parliament	*29th July* 1977
Coming into Operation	*1st August* 1977

The Secretary of State, in exercise of his powers under sections 5(6) and 22(3) of the Price Commission Act 1977(**a**) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Prices and Charges (Definitions) Regulations 1977 and shall come into operation on 1st August 1977.

(2) In these Regulations—

"the Act" means the Price Commission Act 1977;

"distributor" means a distributor of goods within the meaning of regulation 4; and

"price", except in regulation 5, includes charge,

and all other expressions have the same meanings as they have for the purposes of the Act.

(3) The Interpretation Act 1889(**b**) shall apply for the interpretation of these Regulations as it applies for the interpretation of an Act of Parliament.

Meaning of increase in a price (other than of a distributor) for the purposes of section 5(1) of the Act

2.—(1) For the purposes of subsection (1) of section 5 of the Act, an increase in a price which is not a price of a distributor made after 31st May 1977 shall be ascertained in accordance with the following provisions of this regulation and the provisions of regulation 3.

(2) If, at 31st May 1977 or at the time when the said subsection (1) falls to be applied, the relevant person has quoted a higher amount than its amount at that date or time as the amount of a price, the amount of the price at 31st May 1977 or at that date, as the case may be, shall be taken to be that higher amount; and a person shall be taken to have quoted a price if he has given notice, by display, advertisement, circular or other public notice, of his intention to do business at a price of that amount before the expiration of the period of 28 days beginning with 31st May 1977 or that date, as the case may require.

(**a**) 1977 c. 33. (**b**) 1889 c. 63.

(3) In this regulation and in regulation 3, "relevant person" means the person who would be the relevant person for the purposes of the Act in relation to the price in question if, at the time when the said subsection (1) falls to be applied, the Price Commission were to give a notification to the Secretary of State in pursuance of the said subsection.

Determination of increase for the purposes of regulation 2

3.—(1) The amount of the price at the time when subsection (1) of the said section 5 falls to be applied shall be compared with that charged by the relevant person in the course of business for comparable transactions as regards goods of the same description on 31st May 1977 or last so charged before that date.

(2) If there is no price which can be taken for comparison under paragraph (1) above, the comparison may be with prices charged by the relevant person in the course of business for transactions which are not in all respects comparable and as regards goods which are not of precisely the same description with a fair adjustment to take account of the differences; and as between different transactions or different descriptions of goods, those taken for comparison under this paragraph shall be those which are most closely comparable.

(3) Where a relevant person charges prices of different amounts for the same goods in relation to different persons or to persons of different descriptions or to the same persons or descriptions of persons in different circumstances, a price shall be treated as an increased price in relation to any person only if it exceeds the price charged in relation to the same person, persons of the same description or persons of the same description in the same circumstances, as the case may be.

(4) A price shall not be treated for the purposes of regulation 2 as being of an increased amount only because it exceeds the amount of an earlier price if the increase does not exceed the cash amount of any increase (including a change from a nil amount) in—

(*a*) excise duties, customs duties or car tax on, or on anything comprised in, the goods in question which, whether by virtue of a contract or otherwise, is, or is to be, borne in the particular case by the relevant person; or

(*b*) value added tax chargeable by the relevant person on the supply of the goods in question; or

(*c*) any fee prescribed(**a**) under subsection (3) of section 11 of the Weights and Measures Act 1963(**b**) or subsection (3) of section 5 of the Weights and Measures Act (Northern Ireland) 1967(**c**) (both of which provisions relate to the passing and stamping as fit for use for trade of weighing or measuring equipment) which is payable in respect of, or of anything comprised in, the goods in question by the person intending to implement the increase.

(5) In this Regulation "goods" includes services.

Meaning of "distributor of goods"

4. For the purposes of the Act, a distributor of goods—

(*a*) means a person who carries on in the course of business activities falling within Order XXIII (other than the wholesale slaughtering of animals for human consumption, leasing industrial or office machinery,

(**a**) See S.I. 1975/1381 (1975 II, p. 4737). (**b**) 1963 c. 31. (**c**) 1967 c. 6 (N.I.).

the hiring of furniture, radio and television sets and other domestic appliances or the activities of bakers or processors of scrap metals) or falling within minimum list heading 894 of Order XXVI (other than the repairing of motor vehicles) of the Standard Industrial Classification; and

(*b*) in the case of a person carrying on activities within sub-paragraph (*a*) above and other activities, means only the former activities if—

(i) separate accounts for the former activities and those other activities can be provided for all relevant periods;

(ii) such accounts are not materially distorted by transactions otherwise than at arm's length; and

(iii) such accounts would, if combined with one another, show results consistent with those shown by the accounts of his enterprise taken as a whole,

and, in any other case, he shall be treated as a distributor of goods if activities within sub-paragraph (*a*) above are his main activity,

and in this Regulation "the Standard Industrial Classification" means the edition thereof published by Her Majesty's Stationery Office in 1968, as amended by Amendment List No. 1 so published in 1977, together with the alphabetical list of industries so published in 1968 as amended by Amendment List Nos. 1 and 2 so published in 1970 and 1977 respectively.

Meaning of "margin" and "price" of a distributor of goods

5. For the purposes of subsection (1) of section 5 of the Act—

(*a*) the margin of a distributor of goods is his gross percentage margin, that is to say, the difference, expressed as a percentage of the value of sales, between the value of sales of all goods (other than liquid milk and goods supplied, whether by the person in question or another, to a person outside the United Kingdom) sold by the person in question in the course of business as a distributor of goods in a period and the cost to him of those goods; and

(*b*) the prices of a distributor of goods are the prices charged by him for sales of goods (other than goods supplied, whether by him or another, to persons outside the United Kingdom) in the course of his business as such a distributor.

Roy Hattersley,
Secretary of State for Prices and Consumer Protection.

26th July 1977.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations prescribe how an increase in a price (other than a price charged by a distributor of goods), the margin of a distributor of goods and the prices of a distributor of goods are to be determined for the purposes of section 5(1) of the Price Commission Act 1977. Under that subsection, the Price Commission may notify the Secretary of State that they consider that a price, not being a price of a distributor, for an increase of which no prior notice is required to be given to the Commission and which has been increased after 31st May 1977, or the margin of a distributor of goods, should be the subject of an investigation by them.

SI 1977/1221
ISBN 0-11-071221-8

