# 2001 No. 735

# VALUE ADDED TAX

## The Value Added Tax (Business Gifts of Small Value) Order 2001

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| *Made - - - - - - - -* | *7th March 2001* |
| *Laid before the House of Commons* | *7th March 2001* |
| *Coming into force - - - - -* | *8th March 2001* |

The Treasury, in exercise of the powers conferred on them by paragraph 5(7) of Schedule 4 to the Value Added Tax Act 1994(**a**), hereby make the following Order:

**1.** This Order may be cited as the Value Added Tax (Business Gifts of Small Value) Order 2001 and shall come into force on 8th March 2001 and shall apply in relation to gifts made on or after that date.

**2.** In Schedule 4 to the Value Added Tax Act 1994 (matters to be treated as supply of goods or services), in paragraph 5(2)(a) (gift of goods in the course or furtherance of a business not a supply if cost to donor is not more than £15)(**b**), for "£15" there shall be substituted "£50".

*Jim Dowd*
*Greg Pope*
Two of the Lords Commissioners
of Her Majesty's Treasury

7th March 2001

(**a**) 1994 c. 23; paragraph 5(7) was added by section 33(2) of the Finance Act 1996 (c. 8).
(**b**) Paragraph 5(2)(a) was amended by section 33(1) and (4) of the Finance Act 1996 (c. 8) with effect from 29th November 1995 and section 21 of the Finance Act 1998 with effect from 17th March 1998.

## EXPLANATORY NOTE

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

This Order, which comes into force on 8th March 2001, amends paragraphs 5(2)(a) of Schedule 4 to the Value Added Tax Act 1994.

Subject to certain exceptions, the gifting of assets of a business constitutes a supply of goods for VAT purposes. One of the exceptions is where the cost to the donor of the gift is not more than a certain amount. This Order increases that amount from £15 to £50.

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