STATUTORY INSTRUMENTS

1975 No. 746

VALUE ADDED TAX

The Value Added Tax (Construction of Buildings, etc.) (No. 2) Order 1975

Made - - - -	*5th May* 1975
Laid before the House of Commons	*7th May* 1975
Coming into Operation	*1st June* 1975

The Treasury, in exercise of the powers conferred on them by sections 12(4) and 43(1) of the Finance Act 1972**(a)** and of all other powers enabling them in that behalf, hereby make the following Order:—

1. This Order may be cited as the Value Added Tax (Construction of Buildings, etc.) (No. 2) Order 1975 and shall come into operation on 1st June 1975.

2. The Interpretation Act 1889**(b)** shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

3. In Article 3 of the Value Added Tax (Construction of Buildings, etc.) Order 1975**(c)** the Notes as substituted by that Article shall be deleted and there shall be substituted therefor the following—

"(1) Where the benefit of the consideration for the grant of a major interest as described in item 1 accrues to the person constructing the building but that person is not the grantor, he shall for the purposes of that item be treated as the person making the grant.

(2) Item 2 does not include—

(*a*) any work of repair or maintenance; or

(*b*) the supply of any services in the course of the construction or alteration of any civil engineering work within the grounds or garden of a building used or to be used wholly or mainly as a private residence; or

(*c*) the supply by a person of any services which consist of or include any services supplied to him by some other person otherwise than in the course of a business carried on by that other person.

(3) "Major interest" has the same meaning as in section 5(6) of this Act.

(4) Section 12(3) of this Act does not apply to goods forming part of a description of supply in this Group.".

M. Cocks,
James A. Dunn,
Two of the Lords Commissioners of Her Majesty's Treasury.

5th May 1975.

(a) 1972 c. 41. (b) 1889 c. 63. (c) S.I. 1975/517(1975 I, p. 1700).

EXPLANATORY NOTE

(This Note is not part of the Order.)

The supply of certain services in the course of the construction, alteration or demolition of any building or of any civil engineering work, and the supply of certain goods in connection with those services, are zero-rated for value added tax at the point of supply to the final customer under Group 8 of Schedule 4 to the Finance Act 1972.

This Order removes paragraph (*b*) of Note (2) to Group 8 of Schedule 4 to the Finance Act 1972 as set out in the Value Added Tax (Construction of Buildings, etc.) Order 1975 and re-letters the remaining paragraphs in that Note. This change extends zero-rating to the supply of such services and goods, as are mentioned above, by a sub-contractor to another sub-contractor or to a main contractor, so that sub-contractors (including labour only sub-contractors) will no longer collect and account for value added tax on their supplies of such services and goods to other contractors.

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