STATUTORY INSTRUMENTS

1975 No. 517

VALUE ADDED TAX

The Value Added Tax (Construction of Buildings, etc.) Order 1975

Made - - - -	*26th March* 1975
Laid before the House of Commons -	*7th April* 1975
Coming into Operation	*1st May* 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.) Order 1975 and shall come into operation on 1st May 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. The Notes to Group 8 of Schedule 4 to the Finance Act 1972 as amended (c) 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 to a person who—

(i) himself supplies such services as are mentioned therein; or

(ii) in the course of a business consisting wholly or mainly in the construction, alteration or demolition of buildings or civil engineering works, carries out the construction, alteration or demolition on land in which he owns a major interest; or

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(a) 1972 c. 41. (b) 1889 c. 63.
(c) The relevant amending instrument is S.I. 1974/1146 (1974 II, p. 4374).

(*c*) 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

(*d*) 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,
Donald R. Coleman,
Two of the Lords Commissioners of Her Majesty's Treasury.

26th March 1975.

EXPLANATORY NOTE

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

Schedule 4, Group 8, item 1 of the Finance Act 1972 zero-rates for value added tax the grant, by a person constructing a building, of the freehold (or, in Scotland the dominium utile), or a lease for more than 21 years, of the whole or any part of the building.

Under the law relating to land it is not possible for a partnership as such to convey a legal estate. This Order therefore additionally provides that where there is a grant of the freehold, the dominium utile or a lease for more than 21 years, made by some other person on behalf of the person constructing the building, that latter person is to be treated as having made the zero-rated supply.

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