STATUTORY INSTRUMENTS

1977 No. 1791

VALUE ADDED TAX

The Value Added Tax (International Services) Order 1977

Made - - - -	1*st November* 1977
Laid before the House of Commons - -	10*th November* 1977
Coming into Operation	1*st January* 1978

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 (International Services) Order 1977 and shall come into operation on 1st January 1978.

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 Value Added Tax (Finance and Insurance) (No. 2) Order 1973(**c**) is hereby revoked.

4. Schedule 4 to the Finance Act 1972 as amended(**d**) shall be varied by deleting Group 9—Services to Overseas Traders or for Overseas Purposes, and substituting the following:—

"GROUP 9—INTERNATIONAL SERVICES

Item No.

1. The supply of services relating to land situated outside the United Kingdom.

2. The letting on hire of goods for use outside the United Kingdom throughout the period of the hiring which: —

   (*a*) are exported by the lessor from the United Kingdom; or

   (*b*) at the time of supply are not in the United Kingdom.

3. The supply of: —

   (*a*) cultural, artistic, sporting, scientific, educational or entertainment services; or

(**a**) 1972 c. 41. (**b**) 1889 c. 63. (**c**) S.I. 1973/2150 (1973 III, p. 7427).
(**d**) The relevant amending instrument is S.I. 1976/128 (1976 I, p. 367).

(*b*) services ancillary to, including that of organising, the performance outside the United Kingdom of any service in paragraph (*a*)

where in either case these services are performed outside the United Kingdom.

4. The supply of services of valuing goods or of carrying out work on goods where, in either case, the goods are situated and the services are performed outside the United Kingdom.

5. The supply to a person in his business capacity (and not in his private capacity) who as such belongs in a country, other than the United Kingdom, which is a member state of the European Economic Community of any service comprised in paragraphs 1 to 7 of Schedule 2A to this Act.

6. The supply to a person who belongs in a country which is not a member state of the European Economic Community of: —

(*a*) any service (other than insurance or re-insurance services) comprised in paragraphs 1 to 7 of Schedule 2A to this Act;

(*b*) insurance by a person described in item 1 of Group 2 of Schedule 5 to this Act other than that upon or against any risks or other things described in sub-paragraph (*a*), (*b*), (*c*), (*d*) or (*f*) of subsection (4) of section 83 of the Insurance Companies Act 1974(**a**);

(*c*) re-insurance by a person described in item 1 of Group 2 of Schedule 5 to this Act;

(*d*) services comprised in item 3 or 4 of Group 2 of Schedule 5 to this Act which are in respect of a supply of insurance or re-insurance comprised in this item.

7. The supply of: —

(*a*) insurance (and not of re-insurance) by a person described in item 1 of Group 2 of Schedule 5 to this Act upon or against any risks or other things described in sub-paragraph (*a*), (*b*), (*c*), (*d*) or (*f*) of subsection (4) of section 83 of the Insurance Companies Act 1974 where the supply is in connection with the carriage of passengers, or of goods, to or from a place outside the member states of the European Economic Community;

(*b*) services comprised in item 3 or 4 of Group 2 of Schedule 5 to this Act which are in respect of a supply of insurance comprised in this item.

8. The supply: —

(*a*) by the Export Credits Guarantee Department or a person described in item 1 of Group 2 of Schedule 5 to this

(**a**) 1974 c. 49.

Act of insurance against risks incurred in the making of advances or the granting of credits in connection with goods for export outside the member states of the European Economic Community; or

(*b*) of services comprised in item 3 or 4 of Group 2 of Schedule 5 to this Act which are in respect of a supply of insurance comprised in this item.

9. The supply of services comprised in item 1, 2 or 3 of Group 5 of Schedule 5 to this Act where the services are in connection with: —

(*a*) the export of specific goods; or

(*b*) the transhipment (whether within or outside the United Kingdom) of goods

the ultimate destination of the goods, in either case, being a place outside the European Economic Community.

10. The supply of services to a person who belongs in a country, other than the United Kingdom, of work carried out on goods which, for that purpose, are acquired within, or imported into, the United Kingdom for subsequent export and in fact are exported.

11. The supply of services in procuring for another person: —

(*a*) an export of goods from the United Kingdom; or

(*b*) any of the supplies of services comprised in item 1, 2, 3, 4, 5, 6 or 10 of this Group; or

(*c*) any supply of goods or services made outside the United Kingdom.

Notes:

(1) Item 1 includes: —

(*a*) services in the course of the construction, alteration, repair, maintenance or demolition of any building or of any civil engineering work; and

(*b*) services such as are supplied by estate agents and auctioneers, architects, surveyors, engineers and others involved in matters relating to land;

but does not include any services comprised in paragraphs 1 to 7 of Schedule 2A to this Act.

(2) Item 2 does not include the letting on hire of any means of transport for use in a member state of the European Economic Community.

(3) Item 5, 6 or 10 applies only if the recipient would be treated as belonging in a country described therein if, for the purposes of section 8A of this Act, the rules contained therein were applied to him.

(4) Items 1 to 5 do not include services comprised in any Group of Schedule 5 to this Act.

(5) Item 5 does not include: —

(*a*) services of education, health or training (which are not comprised in any Group of Schedule 5 to this Act) performed in the United Kingdom other than training supplied to a foreign Government acting in furtherance of its sovereign activities; or

(*b*) the provision or organisation of conferences, exhibitions or meetings held in the United Kingdom or any related services.

(6) Item 6 does not include: —

(*a*) services comprised in any Group, other than those comprised in Group 2 or Group 5, of Schedule 5 to this Act; or

(*b*) services such as are mentioned in paragraph (*a*) or (*b*) of note 5.

(7) Items 5 and 6 do not include: —

(*a*) any service of valuing goods or of carrying out work on goods; or

(*b*) any service described in paragraph (*a*) or (*b*) of item 3;

where in either case the service is performed in the United Kingdom.

(8) Item 7 does not include a supply in respect of boats, aircraft or hovercraft which are comprised in item 1, 2, 3 or 4 of Group 3 of Schedule 7 to the Finance (No. 2) Act 1975(**a**).

(9) Item 11 does not include the supply of services of procurement by a travel agent for the account of a traveller where the place of enjoyment of the supplies procured is in a member state of the European Economic Community.".

T. E. Graham,

David Stoddart,

Two of the Lords Commissioners of Her Majesty's Treasury.

1st November 1977.

EXPLANATORY NOTE

(This Note is not part of the Order)

This Order replaces Group 9 of Schedule 4 to the Finance Act 1972. It provides relief from value added tax by zero-rating the supplies of certain international services and modifying the previous reliefs for services supplied to overseas traders or for overseas purposes.

(**a**) 1975 c. 45.

SI 1977/1791
ISBN 0-11-071791-0

