STATUTORY INSTRUMENTS

2005 No. 726

VALUE ADDED TAX

The Value Added Tax (Reduced Rate) Order 2005

Made - - - -	*16th March 2005*
Laid before the House of Commons	*16th March 2005*
Coming into force - -	*7th April 2005*

The Treasury, in exercise of the powers conferred upon them by sections 29A and 96(9) of the Value Added Tax Act 1994(**a**), hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Reduced Rate) Order 2005 and comes into force on 7th April 2005.

2. Group 2 of Part II of Schedule 7A to the Value Added Tax Act 1994(**b**) is amended as follows.

3. In paragraph 1 of the Notes after paragraph (h) insert—

"(i) air source heat pumps;

(j) micro combined heat and power units.".

Jim Murphy
Nick Ainger
Two of the Lords Commissioners
of Her Majesty's Treasury

16th March 2005

(**a**) 1994 c.23; section 29A was inserted by section 99(4) of the Finance Act 2001 (c.9).
(**b**) Schedule 7A was inserted by section 99(5) of, and Schedule 31 to, the Finance Act 2001. Schedule 7A applies in place of Schedule A1 in relation to supplies made, and acquisitions and importations taking place, on or after 1st November 2001. Group 2 of Schedule 7A was amended by the Value Added Tax (Reduced Rate) Order 2004 (S.I. 2004/777).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 7th April 2005, amends Group 2 of Part II of Schedule 7A to the Value Added Tax Act 1994 ("Group 2"). Part II of Schedule 7A contains the Groups of supplies of goods and services that are subject to the reduced rate of VAT of 5%.

Article 3 of the Order amends Group 2 (installation of energy-saving materials). Paragraphs (i) and (j) are added to the list in paragraph 1 of the Notes to extend the reduced rate to supplies of the services of installing (1) air source heat pumps and (2) micro combined heat and power units in certain buildings and to supplies of the air source heat pumps and micro combined heat and power units so installed.

By virtue of items 1 and 2 of Group 2, the installation must be in residential accommodation or in a building intended for use solely for a relevant charitable purpose.

A full regulatory impact assessment of the effect that this instrument will have on the costs of businesses is available at www.hmce.gov.uk.

£3.00

© Crown copyright 2005

Printed and published in the UK by The Stationery Office Limited
under the authority and superintendence of Carol Tullo, Controller of Her Majesty's
Stationery Office and Queen's Printer of Acts of Parliament.
E0578 3/2005 150578T 19585

ISBN 0-11-072596-4

9 780110 725963