STATUTORY INSTRUMENTS

1986 No. 1989

VALUE ADDED TAX

The Value Added Tax (Temporarily Imported Goods) Relief Order 1986

Made	- - - -	21*st November* 1986
Laid before the House of Commons	-	2*nd December* 1986
Coming into Operation	-	1*st January* 1987

Whereas it appears expedient to the Treasury that the relief from value added tax provided by this Order should be allowed with a view to conforming with certain of the provisions of Council Directive No. 85/362/EEC(**a**), determining the scope of Article 14(1)*(c)* of Council Directive No. 77/388/EEC(**b**) as regards exemption from value added tax on the temporary importation of goods which qualify for exemption from customs duties, or which would so qualify if they were imported from outside the Community, and with a view to implementing the provisions of Article 16(1)(D) of Council Directive No. 77/388/EEC:

Now, therefore, the Treasury, by virtue of the powers conferred on them by sections 3(3)*(c)*, 19(1) and (1A) and 45(1) and (2) of the Value Added Tax Act 1983(**c**) and of all other powers enabling them in that behalf, hereby make the following Order:

Citation and Commencement

1. This Order may be cited as the Value Added Tax (Temporarily Imported Goods) Relief Order 1986 and shall come into operation on 1st January 1987.

Interpretation

2. In this Order:—

"approved" means approved by the Secretary of State;

"Community" means the European Economic Community;

"member State" means a member of the Community;

"personal effects" means any clothing and other new or used articles intended for the personal use of the traveller;

(**a**) OJ No L192, 24.7.85, p. 20.
(**b**) OJ No L145, 13.6.77, p. 1.
(**c**) 1983 c. 55; section 19(1A) was inserted by section 13 of the Finance Act 1986 (c. 41).

"personal luggage" has the same meaning as in Council Directive No. 69/169/EEC(a);

the "principal Act" means the Value Added Tax Act 1983;

"proper officer" means the person appointed or authorised by the Commissioners to act in respect of any matter in the course of his duties;

"transferee" has the meaning ascribed to it in section 19(1A) of the principal Act.

Revocation and savings

3.— (1) The Value Added Tax (Temporarily Imported Goods) Relief Order 1985(b) is hereby revoked.

(2) Where any document used or required for the purpose of the tax refers to a provision of the Order revoked by this Order, such reference shall, unless the contrary intention appears, be construed as referring to the corresponding provision of this Order.

Application

4.— (1) This Order shall apply without prejudice to temporary importation relief afforded under or by virtue of any other enactment.

(2) Nothing in this Order shall be construed as authorising a person to import any thing in contravention of any prohibition or restriction for the time being in force with respect thereto under or by virtue of any enactment.

(3) Means of transport, pallets and containers are excluded from relief afforded by this Order.

(4) Personal effects which travellers are carrying on their person or in their personal luggage for the duration of their stay in the United Kingdom are excluded from relief afforded by this Order.

Relief for goods imported from another member State

5.— (1) Subject to the provisions of this Order and to such conditions as the Commissioners may impose, where goods are imported from another member State into the United Kingdom with a view to their re-exportation therefrom tax chargeable on the importation shall not be payable, if the Commissioners are satisfied that the goods—

(a) are intended to be re-exported without alteration;

(b) satisfy the conditions laid down in Articles 9 and 10 of the EEC Treaty or, in the case of goods falling under the Treaty establishing the European Coal and Steel Community, are in free circulation;

(c) have been acquired subject to the rules governing the application of value added tax in the member State of exportation, and have not

---

(a) OJ No L133, 4.6.69, p. 6.
(b) S.I. 1985/1646.

benefited, by virtue of their exportation, from any relief from payment of value added tax;

(d) are the property of a person established outside the United Kingdom; and

(e) are not consumable goods.

(2) The relief afforded by paragraph (1) shall continue to apply provided that upon re-exportation from the United Kingdom the goods are unaltered.

6.— (1) Subject to the provisions of this Order, where goods are imported from another member State into the United Kingdom with a view to their re-exportation therefrom but do not qualify for relief under article 5, tax chargeable on the importation shall not be payable if, had they been imported into the United Kingdom from a country outside the Community, relief would have been granted under the provisions of article 7.

(2) Notwithstanding the provisions of paragraph (1) no relief shall be afforded where—

(a) the goods meet the conditions laid down in Articles 9 and 10 of the EEC Treaty;

(b) the goods were not acquired pursuant to the rules governing the application of value added tax in the member State of exportation or, by virtue of being exported, benefited from relief from value added tax; and

(c) the importer is not a taxable person or is a taxable person not entitled to deduct input tax in full.

Relief for goods imported from outside the Community

7. Subject to the provisions of this Order, where goods are imported from a country outside the Community into the United Kingdom with a view to their re-exportation therefrom, tax chargeable on the importation shall not be payable where the goods are of a description specified in Schedule 1 to this Order.

Goods for possible sale

8. Subject to the provisions of this Order, notwithstanding that goods are not intended to remain temporarily in the United Kingdom and to be re-exported therefrom, tax chargeable on the importation shall not be payable where the goods are of a description specified in Schedule 2 to this Order.

Transfer of goods

9.— (1) A person proposing to take a transfer of goods which have been imported with the benefit of relief under this Order may apply to the Commissioners for a direction that section 19(1A) of the principal Act shall apply;

(2) Where the Commissioners so direct, the provisions of this Order shall, subject to article 12 and to any conditions which they may impose, have effect

as if, on the date of the transfer, the goods were exported by the original importer and imported by the transferee.

Security

10.— (1) As a condition of granting relief the Commissioners may require the deposit of such sum of money or other security as may appear necessary to them; except that no security shall be required for goods covered by the procedure provided for in Council Regulation (EEC) No.3/84(**a**), or for goods within Annex 1 to Commission Regulation (EEC) No.1751/84(**b**).

(2) The amount of the security referred to in paragraph (1) shall not exceed the amount of tax chargeable on the importation.

(3) Where goods are imported temporarily into the United Kingdom from another member State the importer shall have the right to elect whether the security referred to in paragraph (1) is given by way of cash deposit or other guarantee.

(4) Where the Commissioners think it necessary they may refuse the security offered and may require alternative satisfactory security to be given.

Production of goods and records

11. The importer or other person having charge of the goods, including any transferee of the goods, shall—

(a) produce the goods for inspection by the proper officer if so required;

(b) keep such records relating to the goods as the proper officer may require; and

(c) on demand produce those records to the proper officer and furnish him with such information relating to the goods as he may require.

Time Limits

12.— (1) Save as the Commissioners may otherwise allow and without prejudice to the maximum time limits laid down in Schedules 1 and 2 to this Order, the importer or other person having charge of the goods, including any transferee of the goods, shall re-export them within 24 months of their importation into the United Kingdom.

(2) In relation to goods which have been transferred under article 9, the time limits referred to in paragraph 1 shall be calculated by reference to the date on which the goods were first imported into the United Kingdom with the benefit of relief under this Order.

Treatment of certain transactions

13. Where goods remain eligible for relief and are supplied to a person

(**a**) OJ No L2, 4.1.84, p. 1.
(**b**) OJ No L171, 29.6.84, p. 1.

established outside the United Kingdom, that transaction shall be treated as neither a supply of goods nor a supply of services.

Termination of relief

14. Relief shall no longer apply but no tax shall be payable where the goods are—

(a) re-exported from the United Kingdom;

(b) with a view to their subsequent re-exportation from the United Kingdom placed in warehouse, in a free zone or under community transit arrangements; or

(c) destroyed under the Commissioners' authority or are proved to the Commissioners' satisfaction to have been—

(i) totally destroyed; or

(ii) irretrievably lost and incapable of use thereafter.

15. Relief shall no longer apply and tax shall be payable where—

(a) there is a breach of any of the provisions of this Order;

(b) the goods are entered for home use; or

(c) the goods are destroyed under the Commissioners' authority and result in the production of scrap and waste which is declared for home use.

16. Where relief has ceased to apply in circumstances other than those set out in article 14 the tax payable on the goods shall be determined as if the goods had been imported on the date the relief so ceased, provided that where the amount of the tax first relieved is less, such lesser amount shall become payable.

Supplementary provisions

17. Schedules 1 and 2 to this Order shall be interpreted in accordance with the notes therein contained. The titles of Groups in the Schedules are for ease of reference only and shall not affect the interpretation of the descriptions of items within those Groups.

Peter Lloyd,
Tim Sainsbury,
Two of the Lords Commissioners
of Her Majesty's Treasury.

21st November 1986

SCHEDULE 1 *(Article 7)*

GROUP 1.—PROFESSIONAL EQUIPMENT

Item No.

1. Professional equipment—

   (a) owned by a person established outside the United Kingdom;

   (b) imported by a person established outside the United Kingdom to enable him to perform a particular job of work; and

   (c) to be used exclusively by the person importing it, or under his supervision.

2. Spare parts subsequently imported for the repair of goods within item 1.

Notes:

(i) "Professional equipment" means equipment, spare parts and accessories therefor, necessary for the exercise of his trade or profession, of a kind represented by the illustrative list in Annex IV of Commission Regulation (EEC) No. 1751/84(a).

(ii) The restriction in item 1*(c)* does not apply to cinematographic equipment imported for the purpose of producing films under a co-production agreement with a person established in the United Kingdom.

(iii) In the case of joint radio or television programme productions, professional equipment may be the subject of a hire or similar contract to which a person established in the United Kingdom is a party.

GROUP II.—GOODS FOR DISPLAY OR USE AT AN EXHIBITION, FAIR, SYMPOSIUM OR SIMILAR EVENT.

Item No.

1. Goods intended for display or to be the subject of demonstration at an event.

2. Goods intended for use at an event in presenting goods within item 1.

3. Equipment, including interpreting installations, sound recording apparatus and educational, scientific or cultural films, intended for use at international meetings, conferences and symposia.

4. Live animals intended for exhibition at, or participation in, an event.

(a) OJ No L171, 29.6.84, p. 1.

5. Products obtained during an event from goods, machinery, apparatus or animals imported for the event.

Notes:

(i) "Event" means any of the following:

(a) a trade, industrial, agricultural or craft exhibition, fair or similar show or display;

(b) an exhibition or meeting organised primarily to promote a charitable purpose;

(c) an exhibition or meeting organised primarily to promote any of the following—

(i) learning

(ii) art

(iii) craft

(iv) sport

(v) science and technology

(vi) education

(vii) culture

(viii) trade unionism

(ix) tourism

(x) friendship between peoples

(xi) religious knowledge or worship;

(d) a meeting of representatives of international organisations or international groups of organisations;

(e) a ceremony or meeting of an official or commemorative nature.

(ii) The relief afforded in Group II does not apply to goods for exhibitions organised for private purposes in shops or business premises where the purpose is the sale of the goods.

GROUP III.—TEACHING AIDS AND SCIENTIFIC EQUIPMENT

Item No.

1. *(a)* Teaching aids and accessories thereto.

(b) Tools especially designed for the maintenance, checking, calibration or repair of goods within item 1*(a)*.

(c) Spare parts for goods within item 1*(a)* and *(b)*.

2. *(a)* Scientific equipment and accessories thereto.

(b) Tools especially designed for the maintenance, checking, calibration or repair of goods within item 2*(a)*.

(c) Spare parts for goods within item 2*(a)* and *(b)*.

Notes:

(i) "Teaching aid" means any aid intended for the exclusive purpose of teaching or vocational training and includes models, instruments, apparatus, machines and accessories thereto of a kind represented by Annex V of Commission Regulation (EEC) No. 1751/84.

(ii) Relief for goods within item 1 applies only where the goods are imported by and used under the supervision and responsibility of approved public or private teaching or vocational training establishments which are essentially non-profit making.

(iii) "Scientific equipment" means instruments, apparatus, machines and accessories thereto used solely for the purpose of scientific research or education.

(iv) Relief for goods within item 2 applies only where the goods are imported by and used under the supervision and responsibility of an approved scientific or teaching establishment which is essentially non-profit making.

(v) Relief for goods within item 1 or 2 shall not apply to goods used for commercial purposes.

(vi) Relief for goods within item 1 or 2 shall not apply unless the Commissioners are satisfied that the quantities are reasonable having regard to their intended purposes.

(vii) Relief for goods within item 1 or 2 shall not apply unless the goods remain, throughout their stay in the United Kingdom, the property of a person established outside the United Kingdom.

(viii) Relief for goods within item 1 or 2 shall apply only for a period not exceeding 6 months.

GROUP IV.—MEDICAL, SURGICAL AND LABORATORY EQUIPMENT

Item No.

1. Medical, surgical and laboratory equipment for use by hospitals and other medical institutions for diagnostic or therapeutic purposes.

Notes:

(i) Relief for goods within item 1 shall apply only where the goods are imported on an occasional basis, on loan and free of charge.

(ii) Relief for goods within item 1 shall apply only for a period not exceeding 6 months.

GROUP V.—MATERIALS FOR USE IN COUNTERING THE EFFECTS OF DISASTERS

Item No.

1. Materials for use in connection with countering the effects of disasters.

Notes:

(i) Relief for goods within item 1 shall apply only where the materials

are imported on loan and free of charge and are intended for government or approved bodies.

GROUP VI.—PACKINGS

Item No.

1. Packings.

Notes:

(i) "Packings" means holders used, or to be used, as external or internal coverings for goods, holders on which goods are, or are to be, rolled, wound or attached; but excluding packing materials such as straw, paper, glass wool and shavings when imported in bulk.

(ii) Relief for goods within item 1 imported empty shall apply only where the packings are declared as being for re-exportation filled.

(iii) Packings afforded relief under item 1 shall not be used between two points located within the United Kingdom except with a view to the export of goods. In the case of packings imported filled this restriction shall apply from the time that they are emptied.

(iv) Relief for goods within item 1 shall apply only for a period not exceeding 6 months where the packings are imported filled, or 3 months where they are imported empty.

GROUP VII.—COMMERCIAL SAMPLES, ADVERTISING MATERIAL AND GOODS FOR DEMONSTRATION PURPOSES

Item No.

1. Samples, which are representative of a category of goods, intended for display or demonstration purposes with a view to obtaining orders for similar goods.

2. Films demonstrating the nature or operation of foreign equipment or products, provided they are not intended for public showing for a charge.

3. Tourist publicity material.

4. Goods of any kind to be subjected to tests, experiments or demonstrations.

5. Goods of any kind to be used to carry out tests, experiments or demonstrations.

Notes:

(i) "Tourist publicity material" means material of a kind represented by the illustrative list in Annex VI of Commission Regulation (EEC) No. 1751/84.

(ii) Relief for goods within item 4 or 5 shall not apply where the tests, experiments or demonstrations constitute a gainful activity.

GROUP VIII.—WELFARE MATERIAL FOR SEAFARERS

Item No.

1. Welfare material disembarked from a vessel for temporary use on land by the crew.

2. Welfare material for temporary use in cultural or social establishments.

Notes:

(i) "Welfare material" means material intended for cultural, educational, recreational, religious or sporting activities of seafarers, of a kind represented by the illustrative list in Annex VII of Commission Regulation (EEC) No. 1751/84.

(ii) "Seafarers" means all persons transported on board a vessel and responsible for tasks relating to the operation or servicing of the vessel at sea.

(iii) "Cultural or social establishments" means hostels, clubs and recreational premises for seafarers, managed by official bodies or religious or other non-profit making organisations; and places of worship where regular services are held for seafarers.

(iv) Relief for goods within item 1 shall apply only for a period not exceeding that of the vessel's stay in port.

(v) Relief for goods within item 2 shall apply only for a period not exceeding 6 months.

GROUP IX.—GOODS FOR USE BY PUBLIC AUTHORITIES ON THE IRISH LAND BOUNDARY

Item No.

1. Equipment used under the supervision and responsibility of a public authority for the building, repair or maintenance of infrastructure of general importance in the area of the land boundary between Northern Ireland and the Republic of Ireland.

Notes:

(i) Relief for goods within item 1 shall apply only where the Commissioners are satisfied that the particular circumstances justify the granting of relief.

GROUP X.—ANIMALS

Item No.

1. Live animals of any species for dressage, training or breeding purposes or veterinary treatment.

2. Live animals of any species for grazing purposes.

GROUP XI.—FILMS, TAPES AND OTHER CARRIER MATERIAL FOR RECORDED SOUND

Item No.

1. Positive cinematographic films, printed and developed, intended for projection prior to commercial use.

2. Films, magnetic tapes and wires which are intended to be provided with a sound track, dubbed or copied.

3. Carrier material for recorded sound and data processing, including punched cards, made available free of charge to a person whether or not established in the United Kingdom.

GROUP XII.—GOODS FOR USE IN PRODUCTION FOR EXPORT

Item No.

1. Moulds, dies, blocks, drawings, sketches and other similar articles intended for a person established in the United Kingdom where at least 75% of the production resulting from their use is exported from the territory of the Community.

2. Measuring, checking and testing instruments and other similar articles intended for a person established in the United Kingdom for use in a manufacturing process, where at least 75% of the production resulting from their use is exported from the territory of the Community.

3. Special tools and instruments made available free of charge to a person established in the United Kingdom for use in the manufacture of goods which are to be exported in their entirety.

Notes:

(i) Relief for special tools and instruments within item 3 shall apply only where they remain the property of the consignor.

GROUP XIII.—REPLACEMENT MEANS OF PRODUCTION

Item No.

1. Replacement means of production made temporarily available free of charge to the importer on the initiative of the supplier of similar means of production to be subsequently imported for release for home use or for re-installation after repair.

Notes:

(i) Relief for goods within item 1 shall apply only for a period not exceeding 6 months.

GROUP XIV.—OTHER CASES

Item No.

1. Goods having no economic effect.

2. Goods for non-commercial purposes.

Notes:

(i) Relief for goods within item 1 or 2 shall apply only where the Commissioners consider the particular circumstances justify the granting of relief.

(ii) Relief for goods within item 2 shall apply only where the goods are imported on an occasional basis and where the importer is not entitled to full deduction or refund of the tax chargeable in respect of the importation.

(iii) Relief for goods within item 2 shall apply only for a period not exceeding 6 months.

SCHEDULE 2 *(Article 8)*

GROUP 1.—GOODS FOR POSSIBLE SALE

Item No.

1. Second hand goods with a view to their sale by auction.

2. Goods under a contract of sale, which are to be subjected to satisfactory acceptance tests.

3. Consignments on approval of made up articles of fur, precious stones, carpets and articles of jewellery, provided they are not capable of importation as samples.

4. Works of art and other goods intended for decoration but not generally for utility purposes, which are imported for the purposes of exhibition for sale.

Notes:

(i) Item 4 applies to any of the following—

(a) paintings, drawings and pastels, including copies, executed entirely by hand, but excluding hand decorated manufactured wares and industrial drawings;

(b) lithographs, prints and engravings, signed and numbered by the artist, obtained from lithographic stones, plates or other engraved surfaces, executed entirely by hand;

(c) original sculptures and statuary, but excluding mass-produced reproductions and handicrafts of a commercial nature;

(d) tapestries and wall textiles made by hand from original designs provided by artists, provided that there is not more than one example of each;

(e) original ceramics and mosaics on wood.

(ii) Relief for goods within item 1, 2 or 4 shall apply only for a period not exceeding 6 months.

(iii) Relief for goods within item 3 shall apply only for a period not exceeding 4 weeks.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order replaces, with certain amendments, the Value Added Tax (Temporarily Imported Goods) Relief Order 1985, which it revokes.

Paragraph 2 of article 3 provides for the substitution in any document used for value added tax purposes of a reference to a provision of this Order for a reference to the corresponding provision of the former Order.

Articles 4 to 8 replace articles 3 to 7 of the former Order. Article 4 defines the scope of the Order; articles 5, 6 and 7 prescribe the conditions which goods of different descriptions must satisfy in order to benefit from relief. Schedule 1, which remains unchanged, is introduced by article 7. Article 8, which introduces Schedule 2, provides relief for certain goods which are imported for possible sale. Schedule 2 is also unchanged.

Article 9, which is new, provides for the transfer of goods with the benefit of relief under the Order and applies the provisions of the Order to a transferee.

Articles 10 to 16, which replace articles 8 to 14 of the former Order, set out conditions of general application to the reliefs. Article 11 now imposes specific requirements in relation to the production of goods, and the keeping and production of records; it also imposes a new requirement to furnish information. Article 12 imposes a requirement to re-export goods within a specified time limit.