STATUTORY INSTRUMENTS

1975 No. 1432

VALUE ADDED TAX

The Value Added Tax (Treatment of Transactions) (No. 1) Order 1975

Made - - - -	*29th August* 1975
Laid before the House of Commons	*2nd September* 1975
Coming into Operation	*23rd September* 1975

The Treasury, in exercise of the powers conferred on them by section 5(7)(*c*) of the Finance Act 1972**(a)**, hereby make the following Order:—

1. This Order may be cited as the Value Added Tax (Treatment of Transactions) (No. 1) Order 1975 and shall come into operation on 23rd September 1975.

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

(2) In this Order—

(*a*) "boat" and "outboard motor" shall have the same meaning as in the Value Added Tax (Boats and Outboard Motors) Order 1975**(c)**;

(*b*) "finance agreement" means an agreement for the sale of a boat or of an outboard motor whereby the property in the boat or outboard motor is not to be transferred until the whole of the price has been paid and the seller retains the right to repossess the goods;

(*c*) "insurer" means a person authorised under section 3 of the Insurance Companies Act 1974**(d)** to effect and carry out contracts of insurance against risks of loss or damage to goods; and

(*d*) "marine mortgage" means a mortgage which is registered in accordance with the Merchant Shipping Act 1894**(e)** and by virtue of which a boat (but not any share thereof) is made a security for a loan.

3. Each of the following descriptions of transaction shall be treated as neither a supply of goods nor a supply of services—

(*a*) the disposal of a boat or an outboard motor by a person who repossessed it under the terms of a finance agreement;

(*b*) the disposal of a boat or an outboard motor by an insurer who acquired it in settlement of a claim under a policy of insurance;

(*c*) the disposal of a boat by a mortgagee after he had taken possession thereof under the terms of a marine mortgage;

if, in each case, the boat or the outboard motor is in the same condition at the time of disposal as it was when it was repossessed, acquired or taken into possession, as the case may be, and if a supply of it in the United Kingdom by the

(a) 1972 c. 41. **(b)** 1889 c. 63. **(c)** S.I. 1975/745 (1975 II, p. 2758).
(d) 1974 c. 49. **(e)** 1894 c. 60.

person from whom in each case it was obtained would not have been chargeable with tax or would have been chargeable with tax on less than the full value of such supply.

Michael Cocks,
T. Pendry,
Two of the Lords Commissioners of Her Majesty's Treasury.

29th August 1975.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order removes from the scope of the value added tax disposals by finance houses, insurance companies and mortgagees of certain used boats and certain used outboard motors. Any such disposals would otherwise be a supply of goods by virtue of section 5(2) of the Finance Act 1972 and would be chargeable with tax even though the goods had previously borne tax.

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