STATUTORY INSTRUMENTS

1975 No. 2007

VALUE ADDED TAX

The Value Added Tax (Treatment of Transactions) (No. 3) Order 1975

Made - - - - - - -	*3rd December* 1975
Laid before the House of Commons	*4th December* 1975
Coming into Operation - - -	*1st March* 1976

The Treasury, in exercise of the powers conferred upon 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. 3) Order 1975 and shall come into operation on 1st March 1976.

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—

"aircraft" shall have the same meaning as in the Value Added Tax (Aircraft) Order 1975(**c**);

"finance agreement" means an agreement for the sale of an aircraft whereby the property in the aircraft is not to be transferred until the whole of the price has been paid and the seller retains the right to repossess the aircraft;

"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 of or damage to goods; and

"aircraft mortgage" means a mortgage which is registered in accordance with the Mortgaging of Aircraft Order 1972(**e**) and by virtue of which an aircraft 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 an aircraft by a person who repossessed it under the terms of a finance agreement;

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

(**a**) 1972 c. 41. (**b**) 1889 c. 63. (**c**) S.I. 1975/2006 (1975 III, p. 7413).
(**d**) 1974 c. 49. (**e**) S.I. 1972/1268 (1972 II, p.3798).

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

if, in each case, the aircraft 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 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.

3rd December 1975.

Donald R. Coleman,

James A. Dunn,

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

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 aircraft. 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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