STATUTORY INSTRUMENTS

1973 No. 336

VALUE ADDED TAX

The Value Added Tax (Treatment of Transactions) (No. 4) Order 1973

Made - - -	*28th February* 1973
Laid before the House of Commons	*6th March* 1973
Coming into Operation	*1st April* 1973

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. 4) Order 1973 and shall come into operation on 1st April 1973.

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—

"tax" has the same meaning as in Part I of the Finance Act 1972;

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

"insurer" means a person authorised under section 61 of the Companies Act 1967(**c**) to effect and carry out contracts of insurance against risks of loss of or damage to motor vehicles or works of art;

"motor car" has the same meaning as in the Value Added Tax (Cars) Order 1972(**d**); and

"work of art" means any of the goods described in Article 3(1) of the Value Added Tax (Works of Art, Antiques and Scientific Collections) Order 1972(**e**).

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 by a person who repossessed it under the terms of a finance agreement of a used motor car in the same condition as it was when it was so repossessed;

(*b*) the disposal by an insurer of a used motor car acquired in the settlement of a claim under a policy of insurance and in the same condition as it was in when it was so acquired;

(*c*) the disposal of a work of art by a person who repossessed it under the terms of a finance agreement if it is in the same condition as it was in

(**a**) 1972 c. 41.
(**b**) 1889 c. 63.
(**c**) 1967 c. 81.
(**d**) S.I. 1972/1970 (1972 III, p. 5877).
(**e**) S.I. 1972/1971 (1972 III, p. 5881).

when repossessed and if a supply of it in the United Kingdom by the person from whom it was repossessed would not have been chargeable with tax or would have been chargeable with tax on less than the full value of such supply;

(*d*) the disposal of a work of art by an insurer who acquired it in the settlement of a claim under a policy of insurance if it is in the same condition as it was in when so acquired and if a supply of it in the United Kingdom by the insured would not have been chargeable with tax or would have been chargeable with tax on less than the full value of such supply.

V. H. Goodhew,
Oscar Murton,
Two of the Lords Commissioners
of Her Majesty's Treasury.

28th February 1973.

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 and insurance companies of certain used cars and certain works of art. 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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