STATUTORY INSTRUMENTS

1986 No. 896

VALUE ADDED TAX

The Value Added Tax (Treatment of Transactions) Order 1986

Made - - - - - - - -	*22nd May* 1986
Laid before the House of Commons	*3rd June* 1986
Coming into Operation	*1st July* 1986

The Treasury, in exercise of the powers conferred on them by section 3(3)(*c*) of the Value Added Tax Act 1983**(a)** 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 (Treatment of Transactions) Order 1986 and shall come into operation on 1st July 1986.

Interpretation

2. In this Order—

"articles in pawn" means articles subject to a pledge;

"pawnee", "pawnor" and "pledge" have the same meaning as in section 189 of the Consumer Credit Act 1974**(b)**.

Treatment of Transaction

3. The following description of a transaction shall be treated as neither a supply of goods nor a supply of services:

the supply by a taxable person of goods the property in which passed to him as a pawnee by virtue of section 120(1)(*a*) of the Consumer Credit Act 1974—

(*a*) where the supply is to a person who was pawnor of those goods, and

(*b*) where the supply is made not later than three months from the date when the taxable person acquired the property in the goods.

Tim Sainsbury,
Donald Thompson,
Two of the Lords Commissioners
of Her Majesty's Treasury.

22nd May 1986.

(a) 1983 c. 55.

(b) 1974 c. 39.

EXPLANATORY NOTE

(*This Note is not part of the Order.*)

This Order removes from the scope of value added tax disposals by pawnbrokers of goods to the pawnor within three months of the property in the goods passing to the pawnbroker under section 120(1)(*a*) of the Consumer Credit Act 1974. Any such disposals would otherwise be a supply of goods and would be chargeable with tax under section 2(1) of the Value Added Tax Act 1983.

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