SCHEDULES

SCHEDULE 26

Section 196

CATEGORISATION OF SUPPLIES

PART 1

ZERO-RATED SUPPLIES

Introductory

1 Part 2 of Schedule 8 of VATA 1994 (zero-rating) is amended as follows.

Food

2 (1) Group 1 (food) is amended as follows.

(2) After excepted item 4 insert—

"4A Sports drinks that are advertised or marketed as products designed to enhance physical performance, accelerate recovery after exercise or build bulk, and other similar drinks, including (in either case) syrups, concentrates, essences, powders, crystals or other products for the preparation of such drinks."

(3) In Note (3), omit the words from "and for the purposes of paragraph (b) above" to the end.

(4) After that Note insert—

"(3A) For the purposes of Note (3), in the case of any supplier, the premises on which food is supplied include any area set aside for the consumption of food by that supplier's customers, whether or not the area may also be used by the customers of other suppliers.

(3B) "Hot food" means food which (or any part of which) is hot at the time it is provided to the customer and—

(a) has been heated for the purposes of enabling it to be consumed hot,

(b) has been heated to order,

(c) has been kept hot after being heated,

(d) is provided to a customer in packaging that retains heat (whether or not the packaging was primarily designed for that purpose) or in any other packaging that is specifically designed for hot food, or

(e) is advertised or marketed in a way that indicates that it is supplied hot.

(3C) For the purposes of Note (3B)—

(a) something is "hot" if it is at a temperature above the ambient air temperature, and

(b) something is "kept hot" after being heated if the supplier stores it in an environment which provides, applies or retains heat, or takes other steps to ensure it remains hot or to slow down the natural cooling process.

(3D) In Notes (3B) and (3C), references to food being heated include references to it being cooked or reheated."

Protected buildings

3 (1) Group 6 (protected buildings) is amended as follows.

(2) Omit items 2 and 3 (approved alterations and building materials).

(3) In Note (3), for "(12) to (14) and (22) to (24)" substitute "and (12) to (14)".

(4) For Note (4) substitute—

"(4) For the purposes of item 1, a protected building is not to be regarded as substantially reconstructed unless, when the reconstruction is completed, the reconstructed building incorporates no more of the original building (that is to say, the building as it was before the reconstruction began) than the external walls, together with other external features of architectural or historic interest."

(5) In Note (5), in paragraphs (a), (b) and (c) omit "or other supply".

(6) Omit Notes (6) to (11).

Caravans

4 (1) Group 9 (caravans and houseboats) is amended as follows.

(2) For item 1 substitute—

Caravans which exceed the limits of size of a trailer for the time being permitted to be towed on roads by a motor vehicle having a maximum gross weight of 3,500 kilogrammes and which—

(a) were manufactured to standard BS 3632:2005 approved by the British Standards Institution, or

(b) are second hand, were manufactured to a previous version of standard BS 3632 approved by that Institution and were occupied before 6 April 2013."

(3) In item 3 for "5(3)" substitute "5(4)".

(4) In the Note for "item 3" substitute "item 4".

PART 2

EXEMPT SUPPLIES

Land: self storage and facilities to supply hairdressing services

5 (1) In Part 2 of Schedule 9 to VATA 1994 (exemptions), Group 1 (land) is amended as follows.

(2) In item 1, after paragraph (k) insert—

"(ka) the grant of facilities for the self storage of goods;".

(3) In that item, omit "and" at the end of paragraph (m) and after that paragraph insert—

"(ma) the grant of facilities to a person who uses the facilities wholly or mainly to supply hairdressing services; and".

(4) In that item, in paragraph (n), for "(m)" substitute "(ma)".

(5) After Note (15) insert—

"(15A) In paragraph (ka)—

"facilities for the self storage of goods" means the use of a relevant structure for the storage of goods by the person (or persons) to whom the grant of facilities is made, and

"goods" does not include live animals.

(15B) For the purposes of Note (15A), use by a person with the permission of the person (or any of the persons) to whom the grant of facilities is made counts as use by the person (or persons) to whom that grant is made.

(15C) A grant of facilities for the self storage of goods does not fall within paragraph (ka) if—

(a) the person making the grant ("P")—

(i) is doing so in circumstances where the relevant structure used is, or forms part of, a relevant capital item, and

(ii) is connected with any person who uses that relevant structure for the self storage of goods,

(b) the grant is made to a charity which uses the relevant structure solely otherwise than in the course of a business, or

(c) in a case where the relevant structure is part of a building, its use for the storage of goods by the person (or persons) to whom the grant is made is ancillary to other use of the building by that person (or those persons).

(15D) In Notes (15A) and (15C) "relevant structure" means the whole or part of—

(a) a container or other structure that is fully enclosed, or

(b) a unit or building.

(15E) In Note (15C)(a)(i) "relevant capital item" means a capital item which—

(a) is subject to adjustments of input tax deduction by P under regulations made under section 26(3), and

(b) has not yet reached the end of its prescribed period of adjustment."

(6) After Note (16) insert—

"(17) Paragraph (ma) does not apply to a grant of facilities which provides for the exclusive use, by the person to whom the grant is made, of a whole building, a whole floor, a separate room or a clearly defined area, unless the person making the grant or a person connected with that person provides or makes available (directly or indirectly) services related to hairdressing for use by the person to whom the grant is made.

(18) For the purposes of Note (17)—

(a) "services related to hairdressing" means the services of a hairdresser's assistant or cashier, the booking of appointments, the laundering of towels, the cleaning of the facilities subject to the grant, the making of refreshments and other similar services typically used in connection with hairdressing, but does not include the provision of utilities or the cleaning of shared areas in a building, and

(b) it does not matter if the services related to hairdressing are shared with other persons.

(19) For the purposes of Notes (15C) and (17) any question whether a person is connected with any other person is to be determined in accordance with section 1122 of the Corporation Tax Act 2010 (connected person)."

PART 3

SUPPLIES CHARGEABLE AT REDUCED RATE

6 (1) Schedule 7A to VATA 1994 (charge at reduced rate) is amended as follows.

(2) In Part 1 (index to reduced-rate supplies of goods and services), at the appropriate place insert—

"Caravans	Group 12".

(3) In Part 2 (the groups), at the end insert—

"**GROUP 12**

CARAVANS

1 Item No

Supplies of caravans which exceed the limits of size of a trailer for the time being permitted to be towed on roads by a motor vehicle having a maximum gross weight of 3,500 kilogrammes.

The supply of such services as are described in paragraph 1(1) or 5(4) of Schedule 4 in respect of a caravan within item 1.

NOTE:

This Group does not include—

(a) removable contents other than goods of a kind mentioned in item 4 of Group 5 of Schedule 8, or

(b) the supply of accommodation in a caravan."

PART 4

COMMENCEMENT AND TRANSITIONAL PROVISION

7 (1) Subject to sub-paragraphs (2) and (3), the amendments made by this Schedule come into force on 1 October 2012.

(2) Paragraphs 4 and 6 come into force on 6 April 2013.

(3) Paragraph 3(2) to (6) comes into force, in relation to relevant supplies, on 1 October 2015.

(4) A supply is "relevant" if it is—

(a) a supply of any services, other than excluded services, which is made—

(i) in the course of an approved alteration of a protected building, and

(ii) pursuant to a written contract entered into, or a relevant consent applied for, before 21 March 2012, or

(b) a supply of building materials which is made—

(i) to a person to whom the supplier is supplying services within paragraph (a) which include the incorporation of the materials into the building (or its site) in question, and

(ii) pursuant to a written contract entered into, or a relevant consent applied for, before 21 March 2012.

(5) In relation to supplies made on or after 1 October 2012 but before 1 October 2015, Group 6 has effect as if, for the purposes of item 1 of that Group, a protected building were also regarded as substantially reconstructed if sub-paragraph (6) or (7) applies.

(6) This sub-paragraph applies if at least three-fifths of the works carried out to effect the reconstruction (measured by reference to cost) are of such a nature that the supply of services (other than excluded services), materials and other items to carry out the works would, if supplied by a taxable person, be relevant supplies.

(7) This sub-paragraph applies if—

(a) at least 10% (measured by reference to cost) of the reconstruction of the protected building was completed before 21 March 2012, and

(b) at least three-fifths of the works carried out to effect the reconstruction (measured by reference to cost) are of such a nature that the supply of services (other than excluded services), materials and other items to carry out the works would, if supplied by a taxable person, be relevant supplies but for the requirement for a written contract to have been entered into or relevant consent to have been applied for before that date.

(8) For the purposes of sub-paragraph (4), works carried out that are not within the scope of the written contract entered into, or the relevant consent applied for, as it stood immediately before 21 March 2012, are not a supply made pursuant to that contract or relevant consent.

(9) In this paragraph—

"excluded services" means the services of an architect, surveyor or other person acting as consultant or in a supervisory capacity;

"Group 6" means Group 6 of Part 2 of Schedule 8 to VATA 1994 (protected buildings);

"relevant consent" means—

(a) in the case of an ecclesiastical building to which section 60 of the Planning (Listed Buildings and Conservation Areas) Act 1990 applies, consent for the approved alterations by a competent body with the authority to approve alterations to such buildings, or

(b) in any other case, consent under any provision of—

(i) Part 1 of the Planning (Listed Buildings and Conservation Areas) Act 1990,

(ii) Part 1 of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997,

(iii) Part 5 of the Planning (Northern Ireland) Order 1991,

(iv) Part 1 of the Ancient Monuments and Archaeological Areas Act 1979, or

(v) Part 2 of the Historic Monuments and Archaeological Objects (Northern Ireland) Order 1995.

(10) The Notes of Group 6 apply in relation to this paragraph as they apply in relation to that Group, except that in applying Notes (9), (10) and (11), references to item 2 are to be read as references to sub-paragraph (4) of this paragraph.