
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2017,
Cross Heading: Three year rule, reporting and certification. (See end of Document for details)

SCHEDULES

SCHEDULE 7

VAT: ZERO-RATING OF ADAPTED MOTOR VEHICLES ETC

Three year rule, reporting and certification

2 In Schedule 8 to VATA 1994, in Group 12—

- (a) omit Note (5L), and
- (b) before Note (6) insert—

“(5M) For the purposes of Notes (5N) to (5S), the supply of a motor vehicle is a “relevant supply” if it is a supply of goods (which is made in the United Kingdom).

(5N) In the case of a relevant supply of a motor vehicle to a disabled person (“the new supply”), items 2(f) and 2A do not apply if, in the period of 3 years ending with the day on which the motor vehicle is made available to the disabled person—

- (a) a reckonable zero-rated supply of another motor vehicle has been made to that person, or
- (b) that person has made a reckonable zero-rated acquisition, or reckonable zero-rated importation, of another motor vehicle.

(5O) If a relevant supply of a motor vehicle is made to a disabled person and—

- (a) any reckonable zero-rated supply of another motor vehicle has previously been made to the person, or
- (b) any reckonable zero-rated acquisition or importation of another motor vehicle has previously been made by the person,

the reckonable zero-rated supply or (as the case may be) reckonable zero-rated importation or acquisition is treated for the purposes of Note (5N) as not having been made if either of the conditions in Note (5P) is met.

(5P) The conditions mentioned in Note (5O) are that—

- (a) at the time of the new supply (see Note (5N)) the motor vehicle mentioned in Note (5O)(a) or (b) is unavailable for the disabled person's use because—
 - (i) it has been stolen, or
 - (ii) it has been destroyed or damaged beyond repair (accidentally, or otherwise in circumstances beyond the disabled person's control), or

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- (b) the Commissioners are satisfied that (at the time of the new supply) the motor vehicle mentioned in Note (5O)(a) or (b) has ceased to be suitable for the disabled person's use because of changes in the person's condition.

(5Q) In the case of a relevant supply of a motor vehicle to a disabled person, items 2(f) and 2A cannot apply unless the supplier—

- (a) gives to the Commissioners, before the end of the period of 12 months beginning with the day on which the supply is made, any information and supporting documentary evidence that may be specified in a notice published by them, and
- (b) in doing so complies with any requirements as to method set out in the notice.

(5R) In the case of a relevant supply of a motor vehicle to a disabled person, items 2(f) and 2A cannot apply unless, before the supply is made, the person making the supply has been given a certificate in the required form which—

- (a) states that the supply will not fall within Note (5N), and
- (b) sets out any other matters, and is accompanied by any supporting documentary evidence, that may be required under a notice published by the Commissioners for the purposes of this Note.

(5S) The information that may be required under Note (5Q)(a) includes—

- (a) the name and address of the disabled person and details of the person's disability, and
- (b) any other information that may be relevant for the purposes of that Note,

(and the matters that may be required under Note (5R)(b) include any information that may be required for the purposes of Note (5Q)).

(5T) In Notes (5N) to (5S)—

“in the required form” means complying with any requirements as to form that may be specified in a notice published by the Commissioners;

“reckonable zero-rated acquisition”, in relation to a motor vehicle, means an acquisition of the vehicle from another member State in a case where—

- (a) VAT is not chargeable on the acquisition as a result of item 2(f) or 2A, and
- (b) the acquisition takes place on or after 1 April 2017;

“reckonable zero-rated importation”, in relation to a motor vehicle, means an importation of the vehicle from a place outside the member States in a case where—

- (a) VAT is not chargeable on the importation as a result of item 2(f) or 2A, and
- (b) the importation takes place on or after 1 April 2017;

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“reckonable zero-rated supply”, in relation to a motor vehicle, means a supply of the vehicle which—

- (a) is a supply of goods,
- (b) is zero-rated as a result of item 2(f) or 2A, and
- (c) is made on or after 1 April 2017.

(5U) In items 2A and 2B references to design, or adaptation, of a motor vehicle to enable a person (or a person of any description) to travel in it are to be read as including a reference to design or, as the case may be, adaptation of the motor vehicle to enable the person (or persons of that description) to drive it.”

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