
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2017, SCHEDULE 7. (See end of Document for details)*

SCHEDULES

SCHEDULE 7

Section 16

VAT: ZERO-RATING OF ADAPTED MOTOR VEHICLES ETC

Adaptation of a qualifying motor vehicle

- 1 (1) In Schedule 8 to VATA 1994 (zero-rating), Group 12 (drugs, medicines, aids for the handicapped etc) is amended as follows.
- (2) For item 2A substitute—
- “2A (1) The supply of a motor vehicle (other than a motor vehicle capable of carrying more than 12 persons including the driver) to a person (“P”) if—
- (a) the motor vehicle is a qualifying motor vehicle by virtue of paragraph (2) or (3),
 - (b) P is a disabled person to whom paragraph (4) applies, and
 - (c) the vehicle is supplied for domestic or P's personal use.
- (2) A motor vehicle is a “qualifying motor vehicle” by virtue of this paragraph if it is designed to enable a person to whom paragraph (4) applies to travel in it.
- (3) A motor vehicle is a “qualifying motor vehicle” by virtue of this paragraph if—
- (a) it has been substantially and permanently adapted to enable a person to whom paragraph (4) applies to travel in it, and
 - (b) the adaptation is necessary to enable P to travel in it.
- (4) This paragraph applies to a disabled person—
- (a) who usually uses a wheelchair, or
 - (b) who is usually carried on a stretcher.
- 2B (1) The supply of a qualifying motor vehicle (other than a motor vehicle capable of carrying more than 12 persons including the driver) to a charity for making available, by sale or otherwise to a person to whom paragraph (3) applies, for domestic or the person's personal use.
- (2) A motor vehicle is a “qualifying motor vehicle” for the purposes of this item if it is designed or substantially and permanently adapted to enable a disabled person to whom paragraph (3) applies to travel in it.
- (3) This paragraph applies to a disabled person—
- (a) who usually uses a wheelchair, or
 - (b) who is usually carried on a stretcher.”

Three year rule, reporting and certification

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

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- (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
- (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.

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- (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;
- “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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Penalty

- 3 (1) Section 62 of VATA 1994 (incorrect certificates as to zero-rating etc) is amended as follows.
- (2) After subsection (1A) insert—
- “(1B) Where—
- (a) a person gives a certificate for the purposes of Note (5R) to Group 12 of Schedule 8 with respect to a supply of a motor vehicle, and
- (b) the certificate is incorrect,
- the person giving the certificate is to be liable to a penalty.”
- (3) In subsection (2), at the end insert—
- “(c) in a case where it is imposed by virtue of subsection (1B), the difference between—
- (i) the amount of the VAT which would have been chargeable on the supply if the certificate had been correct, and
- (ii) the amount of VAT actually chargeable.”

Minor amendments

- 4 Schedule 8 to VATA 1994 is amended as follows.
- 5 In Part 1 (index to zero-rated supplies of goods and services)—
- (a) in the entry relating to Group 12, for “handicapped” substitute “ disabled ”;
- (b) in the entry relating to Group 4, for “handicapped” substitute “ disabled ”.
- 6 In Group 4 (talking books for the blind and handicapped and wireless sets for the blind)—
- (a) in item 1, for each occurrence of “handicapped” substitute “ disabled ”;
- (b) in the heading, for “handicapped” substitute “ disabled ”.
- 7 In Group 12 (drugs, medicines, aids for the handicapped etc)—
- (a) in items 2 to 19 and Notes (1) and (5B) to (9), for each occurrence of “handicapped” substitute “ disabled ”;
- (b) for Note (3) substitute—
- “(3) Any person who is chronically sick or disabled is “disabled” for the purposes of this Group.”;
- (c) in the heading, for “handicapped,” substitute “ disabled, ”.
- 8 In Group 15 (charities etc)—
- (a) in item 5 and Notes (1C) to (4A), (5A) and (5B), for “handicapped” substitute “ disabled ”;
- (b) for Note (5) substitute—
- “(5) Any person who is chronically sick or disabled is “disabled” for the purposes of this Group.”

Commencement

- 9 The amendments made by this Schedule have effect in relation to supplies made, and acquisitions and importations taking place, on or after 1 April 2017.

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