

2002 No. 762

VALUE ADDED TAX

The Value Added Tax (Health and Welfare) Order 2002

Made - - - - - *20th March 2002*

Laid before the House of Commons *20th March 2002*

Coming into force - - - - - *21st March 2002*

The Treasury, in exercise of the powers conferred on them by section 31(2) of the Value Added Tax Act 1994(a) and of all other powers enabling them in that behalf, hereby make the following Order:

1. This Order may be cited as the Value Added Tax (Health and Welfare) Order 2002 and comes into force on 21st March 2002.
2. Group 7 (Health and Welfare)(b) of Schedule 9 to the Value Added Tax Act 1994 (Exemptions) shall be varied in accordance with articles 3 to 6 below.
3. In item 4, for the words from “or other institution” to the end substitute “or state-regulated institution”.
4. For item 9 substitute—

“9 The supply by—

 - (a) a charity,
 - (b) a state-regulated private welfare institution, or
 - (c) a public body,

of welfare services and of goods supplied in connection with those welfare services.”.
5. For Note (6) substitute—

“(6) In item 9 “welfare services” means services which are directly connected with—

 - (a) the provision of care, treatment or instruction designed to promote the physical or mental welfare of elderly, sick, distressed or disabled persons,
 - (b) the care or protection of children and young persons, or
 - (c) the provision of spiritual welfare by a religious institution as part of a course of instruction or a retreat, not being a course or a retreat designed primarily to provide recreation or a holiday,

and, in the case of services supplied by a state-regulated private welfare institution, includes only those services in respect of which the institution is so regulated.”.

(a) 1994 c. 23.

(b) Group 7 was amended by S.I. 1996/2949; section 23(1) of and Schedule 4 to the Nurses, Midwives and Health Visitors Act 1997 (c. 24); S.I. 1998/1294; S.I. 1999/1575.

6. After Note (7) insert—

“(8) In this Group “state-regulated” means approved, licensed, registered or exempted from registration by any Minister or other authority pursuant to a provision of a public general Act, other than a provision that is capable of being brought into effect at different times in relation to different local authority areas.

Here “Act” means—

- (a) an Act of Parliament;
- (b) an Act of the Scottish Parliament;
- (c) an Act of the Northern Ireland Assembly;
- (d) an Order in Council under Schedule 1 to the Northern Ireland Act 1974^(a);
- (e) a Measure of the Northern Ireland Assembly established under section 1 of the Northern Ireland Assembly Act 1973^(b);
- (f) an Order in Council under section 1(3) of the Northern Ireland (Temporary Provisions) Act 1972^(c);
- (g) an Act of the Parliament of Northern Ireland.”.

20th March 2002

Tony McNulty
Anne McGuire
Two of the Lords Commissioners
of Her Majesty’s Treasury

(a) 1974 c. 28, repealed by section 100 of and Schedule 15 to the Northern Ireland Act 1998 (c. 47).
(b) 1973 c. 17, repealed by section 100 of and Schedule 15 to the Northern Ireland Act 1998 (c. 47).
(c) 1972 c. 22, repealed by section 100 of and Schedule 15 to the Northern Ireland Act 1998 (c. 47).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 21st March 2002, amends Group 7 of Schedule 9 to the Value Added Tax Act 1994 (c. 23). Group 7 makes provision for the exemption of the supply of health and welfare services.

The effect of this Order is to specify the types of organisations that are entitled to exemption for the purposes of item 9 of Group 7 (welfare services) as well as the types of services the supply of which can be exempted under that item. In addition, the Order amends item 4 to enable provision to be made in a new Note (7) for a consistent interpretation of what is now termed a “state-regulated” institution in both item 4 and item 9.

Article 3 simplifies item 4 by inserting a reference to a state-regulated institution. “State-regulated” is defined in article 6. This ensures that the legislative references in item 4 and item 9 are consistent and comprehensive.

Article 4 substitutes a new item 9 (welfare services) which removes the requirement that supplies be made otherwise than for profit. Further, it provides that exempt supplies of welfare services can be made by state-regulated private welfare institutions, as well as by charities and public bodies.

Article 5 substitutes a new Note (6) (definition of welfare services) which inserts a reference to care within the exemption for services directly connected with children and young persons. Further, it provides that, in the case of services supplied by a state-regulated private welfare institution, the only services that are included within the exemption are services in respect of which the institution is regulated.

Article 6 inserts a new Note (7) to provide a common definition of “state-regulated” for the purposes of the institutions referred to in items 4 and 9.

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£1.75

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under the authority and superintendence of Carol Tullo, Controller of
Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.
E1714 3/2002 661157 19585

ISBN 0-11-039610-3



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