

**2002 No. 1102**

**VALUE ADDED TAX**

**The Value Added Tax (Buildings and Land) Order 2002**

*Approved by the House of Commons*

*Made - - - - - 17th April 2002*

*Laid before the House of  
Commons - - - - - 17th April 2002*

*Coming into force - - - - - 1st June 2002*

The Treasury, in exercise of the powers conferred on them by section 51(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 (Buildings and Land) Order 2002 and comes into force on 1st June 2002.

2. For paragraph (b) of paragraph 1(6) of Schedule 10 to the Value Added Tax Act 1994 substitute—

“(b) the value of the supply shall be taken to be such amount as is obtained by using the formula—

$$A \times \frac{(10 - B)}{10}$$

where—

A is the amount that yields an amount of VAT chargeable on it equal to the VAT which would have been chargeable on the relevant zero-rated supply (or, where there was more than one supply, the aggregate amount which would have been chargeable on them) had so much of the building as is mentioned in sub-paragraph (5) above not been intended for use solely for a relevant residential purpose or a relevant charitable purpose; and

B is the number of whole years since the day the building was completed for which the building or part concerned has been used for a relevant residential purpose or a relevant charitable purpose.”.

*Tony McNulty*  
*Anne McGuire*  
Two of the Lord's Commissioners of  
Her Majesty's Treasury

17th April 2002

---

(a) 1994 c. 23.

## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends Schedule 10 to the Value Added Tax Act 1994.

Group 5 of Schedule 8 to that Act applies the zero rate of VAT to supplies relating to certain buildings which are intended for use solely for a relevant charitable or a relevant residential purpose. If the use of a building originally zero-rated under these provisions is changed to use for other purposes within 10 years of its completion, a standard-rated supply is deemed to have been made both to and by the charity or other person using the building. This self-supply is created by paragraph 1(5) of Schedule 10. The value of the self-supply is calculated in accordance with paragraph 1(6) of Schedule 10.

This Order amends the method of calculating the value of the supply given in paragraph 1(6) of Schedule 10. Whereas at present the calculation method gives a value which means that all of the original VAT saved by zero-rating has to be accounted for, the new formula allows a reduction in the value (and the corresponding VAT) by one tenth for each complete year of relevant charitable or relevant residential use before the change of use occurs.

£1.50

© Crown copyright 2002

Printed and published in the UK by The Stationery Office Limited  
under the authority and superintendence of Carol Tullo, Controller of  
Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.  
E0945 5/2002 120945 19585

ISBN 0-11-042247-3



9 780110 422473