
STATUTORY INSTRUMENTS

2019 No. 43

**EXITING THE EUROPEAN UNION
VALUE ADDED TAX**

The Value Added Tax (Finance) (EU Exit) Order 2019

*Made - - - - 15th January 2019
Laid before the House of
Commons - - - - 17th January 2019
Coming into force in accordance with article 1*

The Treasury make the following Order in exercise of the powers conferred by sections 31(2) and 96(9) of the Value Added Tax Act 1994(1).

Citation and commencement

1. This Order may be cited as the Value Added Tax (Finance) (EU Exit) Order 2019 and comes into force on exit day(2).

Amendment of Group 5 of Schedule 9 to the Value Added Tax Act 1994

2. Group 5(3) of Schedule 9 to the Value Added Tax Act 1994 (exemptions: finance) is amended as follows.

3. In Item 9 insert after paragraph (j)—

“; or

(k) a recognised pension fund.”.

4. In Note (6)—

(a) in the definition of “closed-ended collective investment undertaking”, in paragraph (a) omit “, wholly or mainly in securities”;

(b) in the appropriate place insert both—

““pension member” means, in relation to a recognised pension fund, a person to or in respect of whom retirement benefits are to be paid from the fund;”;

(1) 1994 c. 23.

(2) Section 20(1) of the European Union (Withdrawal) Act 2018 (c. 16) defines ‘exit day’ as meaning 29 March 2019 at 11.00 p.m..

(3) Item 9 and Note (6) were substituted by S.I. 2008/2547 and have been amended by S.I. 2013/1402 and 2013/1773; Note (6) was amended by paragraph 81 of Schedule 18 to the Financial Services Act 2012 (c. 21) by virtue of S.I. 2013/423 and Note (6A) was inserted by S.I. 2008/2547.

““recognised pension fund” means a pension fund in relation to which all of the following conditions are satisfied—

- (a) it is solely funded, whether directly or indirectly, by pension members;
- (b) the pension members bear the investment risk;
- (c) the fund contains the pooled contributions of more than one pension member; and
- (d) the risk borne by the pension members is spread over a range of investments;”.

5. After Note (6A) insert—

“(6B) For the purposes of Note (6), a pension fund is funded indirectly where contributions are made by a third party on behalf of a pension member.”.

15th January 2019

Craig Whittaker
Rebecca Harris
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends Group 5 of Schedule 9 to the Value Added Tax Act 1994 (exemptions: finance) to (i) extend exemption to the management of what are termed ‘recognised pension funds’ and (ii) remove the restriction on the type of assets that a close-ended collective investment undertaking can invest in in order for its management to qualify for exemption.

It ensures that the scope of the United Kingdom’s exemption for the management of pension funds reflects the scope of the exemption as provided for in European law in accordance with United Kingdom tax policy.

This instrument will be covered by an overarching HMRC impact assessment on VAT and services which will be published and available on the website at <https://www.gov.uk/government/collections/customs-vat-and-excise-regulations-leaving-the-eu-with-no-deal>.