NOTIFICATION OF CHANGES IN TAX ADJUSTMENTS

Addendum

UNITED KINGDOM

This notification is made pursuant to paragraph 40 of L/3464.

The following changes were announced by the Chancellor of the Exchequer in his Budget statement to the House of Commons on 26 March 1974.

(i) the rates of customs and excise duties on spirits (except for imported perfumed spirits), beer, wine, British wine and tobacco were increased from 27 March 1974 and provision was made for corresponding rates of drawback. This change was enacted by Section 1 of the Finance Act 1974.

(ii) value added tax at the standard rate of 10 per cent was applied from 1 April 1974 to certain food products and drinks and to road fuel, petrol substitutes and other light hydrocarbon oils. The supply of these goods had previously been zero-rated. These changes were embodied in the Value Added Tax (General) (No.1) Order 1974, (S.I. 1974 No.542).

In a statement to the House of Commons on 22 July 1974 the Chancellor announced a reduction in the standard rate of value added tax to 8 per cent from 29 July 1974. This change was made by the Value Added Tax (Change of Rate) Order 1974 (S.I. 1974 No.1224) and subsequently the new rate was consolidated by Section 1 of the Finance Act 1975.

In a supplementary Budget statement to the House of Commons on 12 November 1974 the Chancellor announced an increase to 25 per cent in the rate of value added tax on petrol, other light hydrocarbon oils and petrol substitutes from 18 November 1974. The change was embodied in Section 2 of the Finance Act 1975.
The following changes in indirect taxation were announced by the Chancellor of the Exchequer in the House of Commons on 15 April of this year.

(i) a higher rate of VAT, viz 25 per cent, was introduced for most domestic electrical appliances, radio and television sets, small boats and aircraft, trailer caravans, photographic equipment, furs, jewellery and goldsmiths' and silversmiths' wares as from 1 May 1975. The change was embodied in Section 17 of the Finance Act (No.2) 1975.

(ii) car tax was extended to apply to motor caravans as from 1 May 1975. The change was enacted in Section 22 of the Finance Act (No.2) 1975.

(iii) The rates of customs and excise duty on spirits (other than imported perfumed spirits), beer, wine, British wine and tobacco were increased from 16 April 1975. Provision was made for the corresponding rates of drawback on beer and tobacco to be increased. These changes were enacted in Section 1 of the Finance (No.2) Act 1975.

(iv) Provision was made for the conversion of the customs duties on imported spirits, wine, beer, hydrocarbon oil, matches and mechanical lighters and the excise duty on British wine into corresponding excise duties on imported and home-produced spirits, beer, hydrocarbon oil, matches, mechanical lighters, wine and made-wine. These provisions were incorporated in Sections 8-15 of the Finance (No.2) Act 1975 and will take effect on 1 January 1976.

Copies of the 1974 Finance Act and of the two 1975 Acts, together with the Value Added Tax (General) (No.1) Order 1974 and the Value Added Tax (Change of Rate) Order 1974 are enclosed.¹

¹Available for consultation at the GATT secretariat.