

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3518/Add.13

2 November 1977

Limited Distribution

Original: English

NOTIFICATION OF CHANGES IN TAX ADJUSTMENTS

Addendum

UNITED KINGDOM

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

The following changes in indirect taxation, consequent on the Chancellor of the Exchequer's Budget Statement to the House of Commons on 29 March 1977, have been embodied in the Finance Act 1977, which received Royal Assent on 29 July. A copy of the Act is enclosed.

1. (a) The increases in the excise duties on alcoholic drinks and tobacco products, in the customs and excise duties and drawbacks on unmanufactured tobacco and in the customs duty on manufactured tobacco, made by Orders on 15 December 1976 (notified to you on 14 January) were consolidated into the substantive duty rates (Sections 1 and 2 and Schedules 1 and 2 of the Act).
 - (b) The rates of excise duty on cigarettes and handrolling tobacco were further increased from 4 April 1977 (in Section 2 of the Act).
 - (c) The final stage in the restructuring of United Kingdom tobacco taxation, in accordance with EEC obligations, will take place on 1 January 1978. On that date the remaining elements of the United Kingdom revenue duties on tobacco, which are now chargeable either as customs duties or excise duties, will be abolished. The internal taxes on tobacco will then be chargeable wholly as excise duties on tobacco products, and the existing rates of tobacco products duty will be increased to compensate. These changes are contained in Section 3 of the Act.
2. (a) The rate of excise duty on heavy hydrocarbon oil used as road fuel (diesel) was increased, from 29 March 1977.

./.

(b) The rates of duty on light hydrocarbon oil (petrol), power alcohol, petrol substitutes and gas used as road fuel were increased during the period 29 March to 8 August 1977, but then reverted to their pre-Budget levels.

(c) The rate of duty on kerosene used as aviation turbine fuel, and on gas oil, fuel oil, lubricating oil and most other hydrocarbon oils not used as road fuel was increased from 29 March 1977.

These changes are contained in Section 4 of the Act.

3. Various amendments to value-added tax legislation are enacted in Sections 14, 15 and 16 and Schedule 6 of the Act. These amendments, together with further subordinate legislation which has yet to be announced, are designed largely to give effect to the provisions of the EEC Sixth Council Directive on VAT.

Section 16 of the Act is an anti-avoidance measure which denies an importer the right to deduct input VAT payable on goods which he is importing on behalf of another individual and which are to be used for private purposes.

