

Two-thirds rule. VATA s. 10(8)

41.—(1) Where the value of movable goods ) provided under an agreement for the supply of services exceeds two-thirds of the total consideration under the agreement for the provision of those goods and the supply of the services (other than transport services in relation to them)—

(a) the consideration shall be deemed to be referable solely to the supply of the goods, and

(b) tax shall be charged at the appropriate rate or rates specified in Chapter 1 of Part 6 on the basis of any apportionment of the total consideration made in accordance with subsection (2).

(2) Where goods of different kinds are provided under an agreement of the kind referred to in subsection (1), the amount of the consideration referable to the supply of goods of each kind shall be ascertained for the purposes of that subsection by apportioning the total consideration in proportion to the value of the goods of each kind provided.

(3) This section shall also apply to an agreement for the supply of immovable goods and, accordingly, the references in subsections (1) and (2) to an agreement for the supply of services shall be deemed to include a reference to such an agreement.

(4) This section does not apply in respect of a supply of services to which section 16 (3) applies.