

Transfers, etc. deemed not to be supplies. VATA s. 3(5)(a), (b) and (d)

20.—(1) For the purposes of this Act, the transfer of ownership of goods pursuant to a contract of the kind referred to in section 19 (1)(c) by the person supplying financial services of the kind specified in paragraph 6(1)(e) of Schedule 1 as part of that contract shall be deemed not to be a supply of the goods.

(2) The transfer of ownership of goods—

(a) as security for a loan or debt,

(b) where the goods are held as security for a loan or debt, upon repayment of the loan or debt, or

(c) being the transfer to an accountable person of a totality of assets, or part thereof, of a business (even if that business or part thereof had ceased trading) where those transferred assets constitute an undertaking or part of an undertaking capable of being operated on an independent basis,

shall be deemed, for the purposes of this Act, not to be a supply of the goods.

(3) The disposal of goods by an insurer who has taken possession of them from the owner of the goods (in this subsection referred to as the “insured”), in connection with the settlement of a claim under a policy of insurance, being goods—

(a) in relation to the acquisition of which the insured had borne tax, and

(b) which are of such a kind or were used in such circumstances that no part of the tax borne was deductible by the insured,

shall be deemed, for the purposes of this Act, not to be a supply of the goods.