HMRC - VATHLT2200 - The Supply Of Contact Lenses - Liability

Although the Leightons case specifically excluded contact lenses, we now recognise that other than the sight test which is and always has been wholly exempt, supplies of contact lenses are a mixed supply of goods and services in which the service element extends to all types of professional services, including. measuring, trialling, fitting contact lenses, training patients in contact lens insertion and removal and informing patients about hygiene and safe care regimes and aftercare.

Hence, to determine the liability of supplies of contact lenses, you need to follow the same three-stage approach as set out for spectacles in VATHLT2190. The following table shows the most common elements involved in the supply of contact lenses and their respective liabilities to VAT, and which costs should be allocated to the standard-rated and exempt elements respectively. One of the methods detailed in Notice 700 The VAT Guide or an alternative. Full Cost Apportionment method agreed between the Optical bodies and HMRC can be used, provided it gives a fair and reasonable result and can be supported by valid calculations - see VAT information Sheet 8/99. A number of optical practices now separately disclose their charges for the supply of goods (lenses) and the supply of the dispensing service. In this case there is no requirement to undertake an apportionment.

Table 1 Supplies of contact lenses - standard rated and exempt elements

Previous page

Next page