HMRC - VATSC03200 - Basic Principles And Underlying Law: Supply For VAT Purposes

The first condition that a transaction must meet to fall within the scope of VAT is that it is a supply of goods or services.

Before deciding whether goods or services are being supplied, you must first decide whether a transaction is a supply for VAT purposes.

Under EU and UK law, there is a supply if someone does something or agrees to do something in return for a consideration. Such a supply may be effected by selling something, by hiring or renting something or by someone doing something for someone else (a service).

Additionally, in certain circumstances, there can be a supply even if there is no consideration. There may also be instances where the transaction fails to be a supply or is disregarded for VAT purposes. You should therefore ascertain for a particular transaction:

whether there is consideration (for example money, but not exclusively money)

if there is no consideration whether the transaction is deemed by law to be a supply for VAT purposes

whether the transaction fails to be a supply or is a supply to be disregarded for VAT purposes.

VATSC03300, VATSC03400 and VATSC03500 give further background information on these points.

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