HMRC - VATSC03500 - Basic Principles And Underlying Law: Transactions Which Fail To Be Supplies And Supplies Disregarded For VAT Purposes

Transactions which are not supplies

A transaction will not be a supply for VAT purposes in the following cases.

A transaction will not be a supply for VAT purposes if there is no consideration for the supply either monetary or non monetary (unless there is a deemed supply as described in VATSC03400). This includes situations where a payment is received but it is not consideration for the purposes of VAT Act 1994, Section 5(2) for example because there is no direct link between the payment and what is supplied (see VATSC50000 for examples of such payments).

A transaction will not be a supply for VAT purposes if the transaction is within the same legal entity.

A transaction will not be a supply for VAT purposes if there is a specific exclusion in VAT legislation.

\* Business gifts made to the same person in the same year costing the donor £50 or less are excluded under VAT Act 1994, Schedule 4. paragraph 5(2)(a) - see VATSC22000 \* Samples are excluded under VAT Act 1994, Schedule 4, paragraph 5(2)(b) and 5(3) - see VATSC23400 \* Certain circumstances where assets are held at deregistration are excluded under VAT Act 1994, Schedule 4, paragraph 8 - see VATSC20000 \* Some transactions are deemed to be neither a supply of goods nor services. The transfer of a going concern is an example of such a transaction: [Article 5 of the (Special Provisions)Order SI1995/1268.](https://www.gov.uk/hmrc-internal-manuals/vat-transfer-of-a-going-concern/vtogc3000)

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