HMRC - VATSC04600 - Basic Principles And Underlying Law: What Is A Supply Of Services?

The basic definition of a supply of services in VAT Act 1994, Section 5(2)(b) is that:

anything which is not a supply of goods but is done for a consideration (including, if so done, the granting, assignment or surrender of any right) is a supply of services.

It is HMRC policy to interpret Section 5(2)(b) widely. A supply of services is made when a person does something or agrees to do something for a consideration. Certain supplies may at first appear to be vague enough not to be thought of as supplies of services for example someone may agree to refrain from doing something or may give up a right. However, if the person has agreed to carry out an act of this nature for a consideration then there is a supply of services. For information on grants and assignments of rights see VATSC05400.

Further clarification is provided by VAT Act 1994, Schedule 4, paragraph 1, which determines that the following are supplies of services:

lease/hire of goods

transfer/sale of an undivided share of title in goods.

Additionally, VAT Act 1994, Schedule 4, paragraph 5(4), deems the following to be a supply of services:

the temporary application of business assets for non-business use.

The VAT (Supply of Services) Order 1993 (SI 1993/1507) also deems the following to be a supply of services:

the application of services to private or other non-business use.

For further information on the application of the Supply of Services Order please see V1-13 Input Tax

Previous page

Next page