HMRC - VATSC05245 - Single-Use Carrier Bags: Specific Circumstances: Carrier Bags Supplied With Other Goods

Where a carrier bag is supplied with other goods for a single consideration it is HMRC’s view that the carrier bag is a distinct and independent element of that supply and therefore retains its own liability for VAT. Examples include carrier bags purchased at a supermarket check-out or a carrier bag supplied by a retailer to assist a customer in taking away goods. See VATSC80000 – Single and multiple supplies.

However, HMRC accepts that where goods are delivered to a customer who has not selected a carrier bag as an option and the bag is provided by the supplier for supplier’s own convenience; the bag will be treated for VAT as ancillary to the supply of the goods and share the same VAT liability.

A carrier bag which is used to package goods, either because the goods are supplied loose (e.g. goods sold by weight) or because the goods need to be covered to avoid contamination, is considered to be a supply that is ancillary to the supply of goods and shares the same liability.