HMRC - VATSC14000 - Statutory Testing Services And Type Approval Certification Carried Out By Private Sector

Where government departments or agencies are responsible for enforcing and/ or policing standards in such areas as safety and trading, they may be involved in issuing, for a fee, certificates of approval or compliance after appropriate investigations have been carried out by them. These activities are regarded as transactions by public authorities that fall within the provisions of Article 13 of the EU Principal VAT Directive and are therefore outside the scope of VAT.

Where such testing and approval activities are transferred to private sector businesses, they do not come within the provisions of Article 13 and the fees charged are consideration for taxable services. In some cases these businesses purchase the relevant certificates of approval from the government department or agency. The charging-on of these costs constitutes part of the consideration for the taxable services by the businesses.

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