HMRC - VATSC22300 - Series Or Succession

Prior to 1 October 2003, the following series and succession rules applied. Since 1 October 2003 there is no series and succession rule, simply the annual monetary limit.

To prevent the situation where a person could have a continuous supply of small value gifts tax free, UK law (paragraph 5(2)(a) of Schedule 4 of the VAT Act 1994) stated that gifts which form part of a “series or succession” of gifts from time to time are still included in the scope of the tax. The £50 relief did not apply in such circumstances and thus all gifts, including the first, forming part of a series or succession were subject to output tax irrespective of their individual or aggregate cost.

It did not necessarily follow that individual business gifts are ineligible for relief under the £50 rule because the same person happened to receive a small gift on several occasions. The test to be applied was whether the supplier intended to benefit the same person on successive occasions rather than whether, by chance, the same person received several small gifts.

Examples of gifts which we considered did not form part of a series or succession are:

an annual gift (for example at Christmas)

gifts distributed on a random basis, for example when a salesman gives small personal items to trade contacts

the same employee wins a gift on more than one occasion under attendance or safety at work schemes

advertising posters handed out for display at the premises of trade customer.

Previous page

Next page