HMRC - VATSC22500 - Input Tax Claims On Gifts For Use In The Recipient’S Business

Output tax is due on the supply of gifts by the giver. However, under Regulation 20(c) of the VAT General Regulations 1995, the supplier is prevented from issuing a tax invoice for any supply on which, although the supply is not made for consideration, tax is due. As a result the recipient of the gift may use it in the course of their business but be unable to make any input tax claim because of the lack of a tax invoice. As output tax will have been received in respect of the gift, it would be inequitable for input tax to be blocked.

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