HMRC - VATSC37200 - Cooper Chasney Limited V CCE (LON/89/14092)

This section should be read in conjunction with the rest of VATSC36400.

In the Law Society’s view the facts of Cooper Chasney were perhaps more straightforward than difficulties which could be experienced in practice. In that case, the plaintiff had expressly allowed the defendant to use the name “Infolink” in the future, (a name which the plaintiff had previously used in his business), but the terms of the settlement were that in return for payment to the plaintiff by the defendant of an agreed sum, the plaintiff reverted to his own name (Cooper Chasney Ltd) and agreed to discontinue proceeding against the defendant. It was clear that the elements of the agreement went beyond breaches which had occurred in the past and giving up a right to sue.

Customs and Excise said that in deciding what the payment in the settlement of a dispute was for, they look carefully at the words used by the parties (as in Cooper Chasney, where an agreement had been entered into which had been set out in the decision) and tax the parties accordingly.

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