HMRC - VATSC41000 - Introduction

Some payments are not consideration because they do not fulfil the conditions set out in VATSC30500 and VATSC31000: either there is no direct link between a payment and the supply or there is no supply made in return for a payment.

The way in which a payment is described may lead to the conclusion that it is not consideration for a supply. A common example is the description of a ‘fine’ or ‘donation’ which implies nothing is being received in return for the payment. However, you must look at the underlying conditions which may reveal that something has in fact been provided in return. If something has been provided, then the payment is consideration for that supply.

The following examples represent common problems about whether a payment is regarded as consideration. VATSC50000 gives the most common examples of payments that are not consideration.

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