HMRC - VATSC45800 - Consideration - Payments That Are Consideration: Memorandum And Articles Of Association

The supply of the service by a registration agent of preparing and lodging the original Memorandum and Articles of Association with the Registrar of Companies is wholly standard-rated. In the above situation, one or more copies of documents, such as the Certificates of Incorporation and Memorandum and Articles of Association, may be provided. Where these are in hard copy form (as opposed to in digital format) the question arises as to whether there is a single supply of company registration services to which the printed matter is ancillary, or separate multiple supplies of zero-rated printed matter and standard-rated services.

The judgement in Card Protection Plan (CJEC C-349/96) set out a number of relevant criteria, namely:

Where a transaction comprises a number of features or acts, regard must be had to all the circumstances in which it takes place.

Where a supply is a single supply from an economic point of view, it should not be artificially split so as to distort the functioning of the VAT system.

There is a single supply in particular cases where one or more elements of a transaction are to be regarded as constituting the principal service, with other elements being ancillary to the principal service.

While the charging of a single price is not decisive, the fact that several elements are supplied for a single price may indicate a single supply.

Therefore where a customer acquiring a registered company also receives hard copy documents as part of a fixed-price package, he would normally be seen as receiving a single supply of company formation services rather than separate supplies of company registration services and printed matter.

Where additional copies of documentation are offered as an option for additional payment, there may be either a single supply or multiple supplies.

The tribunal in the case of J P Company Registrations Limited (LON/86/0302) decided that the trader’s supply of a ready made “off the shelf company” plus eight prints of the memorandum and articles consisted of two supplies. One supply of a ready-made company and a separate supply of zero-rated printed matter. In reaching his decision the chairman took account of the fact that in this case if the customer did not require the prints he would not be charged for them. It is important that this case was decided before the ECJ decision in Card Protection Plan and was decided on its particular facts.

For more detailed guidance on the question of single and multiple supplies, please refer to VATSC80000.

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