HMRC - VATSC55000 - Consideration: Background

There is no pure definition of what these services cover, but a payment described as a management charge will only be consideration for a supply if something is done in return by the recipient of the payment.

The term ‘management charge’ or ‘service charge’ frequently covers recharging of expenses such as heating or telephone bills on shared premises - this provision of services is explained in Notice 742.

The terms can also be used to describe the provision of staff or directors - this is covered in VATSC06000. Often the terms represent a supply of consulting services, but you should remember that almost anything can be described as a management charge and you should therefore look at the underlying supply before making a decision.

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