HMRC - VATSC55400 - Consideration: Holding Companies

Detailed information on the treatment of holding companies can be found in V1-13 Input Tax.

With holding companies, ‘management charges’ may be the only supplies that appear to be made. If these relate to supplies actually made the holding company is entitled to register for VAT and reclaim input tax. Therefore it is necessary to check that supplies are actually being made in order to confirm the registration is valid. Indicators that a supply is not being made include:

No staff are employed by the holding company.

The directors are common to both the holding company and the recipient of the services.

The company has no business premises or assets.

There is no visible or documentary evidence of supplies other than the invoice and/or bookkeeping entry.

The trader is unable to specify what supplies are covered by the charge.

If you decide that a supply is being made it is likely to be a continuous supply of services. For information on how this affects tax points you should consult VAT Time of Supply Guidance

The Tribunal decision in Newmir is important in this area. See VATSC55600.

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