HMRC - VATSC63400 - Retailers’ Warranties

Some retailers, particularly jewellers and opticians, offer customers an ‘insurance’ that provides for free repair or replacement if the goods are lost or damaged within a set period.

The retailer may cover the liability for the repair or replacement by either obtaining insurance cover or including the cost in the overall price. In such cases neither a repair free of charge nor the free replacement of goods is a supply since the original charge covered the costs involved.

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