HMRC - VATSC63600 - Consideration - Overpayments

The value of a supply is not affected if a supplier receives payment twice for a single supply due to a mistake by the customer. The value remains the original advertised price and cannot be increased simply because of an overpayment and so the additional payment is outside the scope of VAT. This applies whether or not the supplier makes provision to return the overpayment.

However, if the overpayment is not returned and is used to pay or part pay a future supply then it becomes consideration for a supply.

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