HMRC - VATSC73200 - “Put And Call” Options

You may also encounter put and call options. At the end of the period the lessee makes the final payment and takes ownership. If he wishes, he can then opt to sell the goods back to the supplier. The supplier is obliged to buy, albeit most likely at a price lower than the final instalment. Alternatively, the supplier may opt to call the goods back and the lessee is obliged to sell. This is likely to be for a sum equal to the final instalment. As title passes to the lessee at the end of the original agreement, the put or call is a separate supply of goods and does not alter the original agreement from being in respect of a supply of goods.

Previous page

Next page