HMRC - VATSC76200 - Definition Of Unallocated Goods

Goods are said to be “unascertained” (or “unallocated”) if they remain an unidentifiable part of a larger stock of goods held by the supplier. Goods are “ascertained” (or “allocated”) if they are set apart and earmarked as belonging to, or reserved for, a specific customer. Where goods are sold but are never ascertained, title in the goods does not pass, making the supply one of services, not of goods. A typical example is where a trader pays for a certain amount of oil, or other commodity, which is part of a larger consignment, and although it may or may not be eventually removed from the rest of the consignment, it is an unidentifiable part of that consignment.

This must not be confused with forward contracts. These are contracts for the supply of goods at a future specified date. The goods have to be manufactured or acquired by the seller before the supply can be made but the important point is that they will ultimately be allocated or delivered to the buyer. The supply is a supply of goods. It is not a supply of services when the contract is made, followed by a supply of goods when title in them passes.

Gold and gold coins are unallocated if they remain as an unidentifiable part of a larger stock held by a supplier. The supply of unallocated gold or gold coins is a supply of a service for VAT purposes. For guidance on dealings in precious metals see VATSC76600.

Next page