HMRC - VATSC82030 - Mander Laundries Limited (BIRM/73/31)

This was one of the first cases to consider single/multiple supplies and some liabilities have since changed. The trader argued the launderette supplies were multiple supplies of mixed liabilities - use of a washing machine and salt used for softening water was a standard-rated supply of treated water. Oil or gas used for heating and the supply of electricity were zero-rated.

The Tribunal concluded there was a single supply of a service which was a licence to use the washing machine to clean clothes. The judgement said ‘that what happens is that the customer goes to the launderette to wash dirty clothes in a washing machine. What is obtained at the end of the transaction is cleaned clothes and that this is the provision of a service of which the water, gas and electricity form an integral part’.

The supplies of electricity, gas and water etc formed an integral part of the service but were subordinate to it. The electricity, gas and water were actually supplied to the launderette, not to the customer, and the launderette was not selling these components but merely providing for their use.

Although not usually quoted today, this original decision pointed the way to the modern approach of considering the customer’s aim and looking at the economic reality of the situation.

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