HMRC - VATSC82230 - Purple Parking (C-117/11)

The ECJ was asked to rule on whether the bus transport provided as part of an airport parking service was a separate supply to that of parking. The ECJ held that there was a “single complex supply of services in which the parking element is predominant”.

The ECJ made a significant point at para 31 of the judgment where the court states: “the fact that, in other circumstances, the elements in issue can be or are supplied separately is of no importance, given that possibility is inherent in the concept of a single composite transaction”. This reinforces the principle of looking at the economic reality of the situation rather than artificially separating out elements of a single supply.

The ECJ also considered the application of the principle of fiscal neutrality is not a primary issue when considering the supply position because ‘a complex supply of services consisting of separate elements is not automatically similar to the supply of those elements separately’ leading to a ‘necessarily’ different tax treatment (paras 38 and 39 refer). Fiscal neutrality is only a relevant consideration when two supplies are in competition with each other.

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