HMRC - VATSC97000 - The Standard Schemes

The new contracts alter the terms of the standard schemes to provide for the fuel to be supplied by the garage to the card company and then from the card company to the cardholder instantaneously.

For the scheme to work the garage and cardholder agreements should state that the cardholder must present his card to the garage prior to the commencement of any transaction. This identifies in advance that the transaction is to be made under the terms of a contract which directs the supply via the card company. If the card is produced after the fuel has passed into the cardholder’s tank, then the supply is from the garage to the cardholders.

The garage agreement must also contain a number of extra clauses if the scheme is to work:

There should be a clause stating that on production of the card the fuel is supplied to the fuel card company by the garage.

As the fuel card company cannot physically make the supply of fuel at the pump, there should also be a clause indicating that the garage is acting as agent of the card company in effecting the supply.

All these factors are vital if the fuel card company wishes to be seen as a principal in the transaction. However, provided the contractual and other circumstances indicate that the supply is via the card company and officers have no reason for suspicion, we do not expect officers to actively police the requirement to show the card before purchase.

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