

FINANCE ACT 2014

EXPLANATORY NOTES

INTRODUCTION

Section 106: Value Added Tax: Supply of Services through Agents

Summary

1. This section disapplies the UK's derogation from Article 28 of the principal VAT Directive [2006/112/EC](#) for telecommunication and electronically supplied services.

Background Note

2. The UK legislation currently allows HMRC to treat services supplied through agents acting in their own name as either a supply to and by the agent or a supply by the principal. HMRC's practice is to allow such agents to choose how to treat such supplies. This treatment is allowed because the UK derogates from EU VAT legislation that would otherwise see supplies through agents acting in their own name as though they were made by the agent. In order to ensure the effective taxation of telecommunication and electronically supplied services through internet portals and marketplaces the UK is disapplying its derogation for telecommunication and electronically supplied services.