



Value Added Tax Act 1983 (repealed 1.9.1994)

1983 CHAPTER 55

Supply

3 Meaning of “supply”: alteration by Treasury order.

- (1) Schedule 2 to this Act shall apply for determining what is, or is to be treated as, a supply of goods or a supply of services.
- (2) Subject to any provision made by that Schedule and to Treasury orders under subsections (3) to (6) below—
 - (a) “supply” in this Act includes all forms of supply, but not anything done otherwise than for a consideration;
 - (b) anything which is not a supply of goods but is done for a consideration (including, if so done, the granting, assignment or surrender of any right) is a supply of services.
- (3) The Treasury may by order provide with respect to any description of transaction—
 - (a) that it is to be treated as a supply of goods and not as a supply of services; or
 - (b) that it is to be treated as a supply of services and not as a supply of goods; or
 - (c) that it is to be treated as neither a supply of goods nor a supply of services;and without prejudice to the foregoing, such an order may provide that paragraph 5(3) of Schedule 2 to this Act is not to apply, in relation to goods of any prescribed description used or made available for use in prescribed circumstances, so as to make that a supply of services under that paragraph [^{F1}and may provide that paragraph 5A of that Schedule shall not apply, in such circumstances as may be described in the order, so as to make a removal of assets a supply of goods under that paragraph.].
- (4) Without prejudice to subsection (3) above, the Treasury may by order make provision for securing, with respect to services of any description specified in the order, that where—

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- (a) a person carrying on a business does anything which is not a supply of services but would, if done for a consideration, be a supply of services of a description specified in the order; and
 - (b) such other conditions as may be specified in the order are satisfied,
- such services are treated for the purposes of this Act as being supplied by him in the course or furtherance of that business.
- (5) The Treasury may by order make provision for securing, subject to any exceptions provided for by or under the order, that where in such circumstances as may be specified in the order goods of a description so specified are [^{F2}taken possession of] or produced by a person in the course or furtherance of a business carried on by him and—
- (a) are neither supplied to another person nor incorporated in other goods produced in the course or furtherance of that business; but
 - (b) are used by him for the purpose of a business carried on by him,
- the goods are treated for the purposes of this Act as being both supplied to him for the purpose of that business and supplied by him in the course or furtherance of it.
- (6) The Treasury may by order make provision for securing, with respect to services of any description specified in the order, that where—
- (a) a person, in the course or furtherance of a business carried on by him, does anything for the purpose of that business which is not a supply of services but would, if done for a consideration, be a supply of services of a description specified in the order; and
 - (b) such other conditions as may be specified in the order are satisfied,
- such services are treated for the purposes of this Act as being both supplied to him for the purpose of that business and supplied by him in the course or furtherance of it.
- (7) For the purposes of this section, where goods are manufactured or produced from any other goods those other goods shall be treated as incorporated in the first-mentioned goods.
- (8) An order under subsection (4) or (6) above may provide for the method by which the value of any supply of services which is treated as taking place by virtue of the order is to be calculated.

Textual Amendments

- F1** Words in s. 3(3) inserted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 4(1)**; S.I. 1992/2979, art. 4, **Sch. Pt. II** (with art. 5)
- F2** Words in s. 3(5) inserted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 4(2)**; S.I. 1992/2979, art. 4, **Sch. Pt. II** (with art. 5).

4 Time of supply.

- (1) The provisions of this section and section 5 below shall apply [^{F3}(subject to section 35 below)] for determining the time when a supply of goods or services is to be treated as taking place for the purposes of the charge to tax.
- (2) Subject to the provisions of section 5 below, a supply of goods shall be treated as taking place—
- (a) if the goods are to be removed, at the time of the removal;

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- (b) if the goods are not to be removed, at the time when they are made available to the person to whom they are supplied;
 - (c) if the goods (being sent or taken on approval or sale or return or similar terms) are removed before it is known whether a supply will take place, at the time when it becomes certain that the supply has taken place or, if sooner, 12 months after the removal.
- (3) Subject to the provisions of section 5 below, a supply of services shall be treated as taking place at the time when the services are performed.

Textual Amendments

F3 Words in s. 4(1) inserted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para.5**; S.I. 1992/2979, **art. 4**, Sch. (with art. 5)

Modifications etc. (not altering text)

- C1** Ss. 4, 5 amended by Customs and Excise Management Act 1979 (c. 2, SIF 40:1), **Pt. VIII A** (as inserted by Finance Act 1984 (c. 43, SIF 40:1), s. 8, **Sch. 4 Pt. I**)
- C2** Ss. 4, 5 applied by Finance Act 1990 (c. 29, SIF 40:2), s. **11(10)**
- C3** Ss. 4, 5 excluded by S.I. 1987/1806, **art. 4**

5 Further provisions relating to time of supply.

- (1) If, before the time applicable under subsection (2) or subsection (3) of section 4 above, the person making the supply issues a tax invoice in respect of it or if, before the time applicable under paragraph (a) or (b) of subsection (2) or subsection (3) of that section, he receives a payment in respect of it, the supply shall, to the extent covered by the invoice or payment, be treated as taking place at the time the invoice is issued or the payment is received.
- (2) If, within 14 days after the time applicable under subsection (2) or subsection (3) of section 4 above, the person making the supply issues a tax invoice in respect of it, then, unless he has notified the Commissioners in writing that he elects not to avail himself of this subsection, the supply shall (to the extent that it is not treated as taking place at the time mentioned in subsection (1) above) be treated as taking place at the time the invoice is issued.
- (3) The Commissioners may, at the request of a taxable person, direct that subsection (2) above shall apply in relation to supplies made by him (or such supplies made by him as may be specified in the direction) as if for the period of 14 days there were substituted such longer period as may be specified in the direction.

[^{F4}(3A) Where any supply of goods involves both—

- (a) the removal of the goods from the United Kingdom; and
- (b) their acquisition in another member State by a person who is liable for value added tax on the acquisition in accordance with provisions of the law of that member State corresponding, in relation to that member State, to the provisions of section 2A above,

section 4(2) above and subsections (1) to (3) and (5) to (7) of this section shall not apply and the supply shall be treated for the purposes of this Act as taking place on whichever is the earlier of the days specified in subsection (3B) below.

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- (3B) The days mentioned in subsection (3A) above are—
- (a) the fifteenth day of the month following that in which the removal in question takes place; and
 - (b) the day of the issue, in respect of the supply, of a tax invoice or of an invoice of such other description as the Commissioners may by regulations prescribe.]
- (4) Where a taxable person provides a document to himself which—
- (a) purports to be a tax invoice in respect of a supply of goods or services to him by another taxable person; and
 - (b) is in accordance with regulations under paragraph 2 of Schedule 7 to this Act treated as the tax invoice required by the regulations to be provided by the supplier,
- subsections (2) and (3) above shall have effect in relation to that supply as if—
- (i) the provision of the document to himself by the first-mentioned taxable person were the issue by the supplier of a tax invoice in respect of the supply; and
 - (ii) any notice of election given or request made by the first-mentioned taxable person for the purposes of those provisions had been given or made by the supplier.
- (5) The Commissioners may, at the request of a taxable person, by direction alter the time at which supplies made by him (or such supplies made by him as may be specified in the direction) are to be treated as taking place, either—
- (a) by directing those supplies to be treated as taking place—
 - (i) at times or on dates determined by or by reference to the occurrence of some event described in the direction; or
 - (ii) at times or on dates determined by or by reference to the time when some event so described would in the ordinary course of events occur, the resulting times or dates being in every case earlier than would otherwise apply; or
 - (b) by directing that, notwithstanding subsections (2) and (3) above, those supplies shall (to the extent that they are not treated as taking place at the time mentioned in subsection (1) above) be treated as taking place—
 - (i) at the beginning of the relevant working period (as defined in his case in and for the purposes of the direction); or
 - (ii) at the end of the relevant working period (as so defined).
- (6) Where goods are treated as supplied by an order under section 3(5) above, the supply is treated as taking place when they are appropriated to the use mentioned in that section.
- (7) Where there is a supply of goods by virtue only of paragraph 5(1) of Schedule 2 to this Act, the supply is treated as taking place when the goods are transferred or disposed of as mentioned in that paragraph.
- (8) Where there is a supply of services by virtue only of paragraph 5(3) of Schedule 2 to this Act, the supply is treated as taking place when the goods are appropriated to the use mentioned in that paragraph.
- (9) The Commissioners may by regulations make provision with respect to the time at which (notwithstanding section 4 above and subsections (1) to [F5(3B)] and (6) to (8) above) a supply is to be treated as taking place in cases where it is a supply—

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- (a) of goods or services for a consideration the whole or part of which is determined or payable periodically, or from time to time, or at the end of any period; or
- (b) of goods for a consideration the whole or part of which is determined at the time when the goods are appropriated for any purpose,

or where there is [^{F6}a supply of goods to a person who has given such an undertaking as is mentioned in section 32B(4)(b) below or there is] a supply of services by virtue of paragraph 5(3) of Schedule 2 to this Act or an order under section 3(4) above; and for any such case as is mentioned in this subsection the regulations may provide for goods or services to be treated as separately and successively supplied at prescribed times or intervals.

- (10) In this section “tax invoice” means such an invoice as is required under paragraph 2(1) of Schedule 7 to this Act or would be so required if the person to whom the supply is made were a [^{F7}person to whom such an invoice should be issued.].

Textual Amendments

- F4** S. 5(3A)(3B) inserted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 6(1)**; S.I. 1992/2979, art. 4, **Sch. Pt.II** (with art. 5).
- F5** Word in s. 5(9) substituted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 6(2)(a)**; S.I. 1992/2979, art. 4, **Sch. Pt.II** (with art. 5).
- F6** Words in s. 5(9) inserted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 6(2)(b)**; S.I. 1992/2979, art. 4, **Sch. Pt.II** (with art. 5).
- F7** Words in s. 5(10) substituted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 6(3)**; S.I. 1992/2979, art. 4, **Sch. Pt.II** (with art. 5).

Modifications etc. (not altering text)

- C4** Ss. 4, 5 amended by Customs and Excise Management Act 1979 (c. 2, SIF 40:1), **Pt. VIII A** (as inserted by Finance Act 1984 (c. 43, SIF 40:1), s. 8, **Sch. 4 Pt. I**)
- C5** Ss. 4, 5 applied by Finance Act 1990 (c. 29, SIF 40:2), **s. 11(10)**
- C6** Ss. 4, 5 excluded by S.I. 1987/1806, **art. 4**

6 Place of supply.

- (1) This section shall apply [^{F8}(subject to section 35 below)] for determining, for the purposes of [^{F9}this Act], whether goods or services are supplied in the United Kingdom.
- (2) [^{F10}Subject to the following provisions of this section] if the supply of any goods does not involve their removal from or to the United Kingdom they shall be treated as supplied in the United Kingdom if they are in the United Kingdom and otherwise shall be treated as supplied outside the United Kingdom.

[^{F11}(2A) Goods shall be treated—

- (a) as supplied in the United Kingdom where their supply involves their installation or assembly at a place in the United Kingdom to which they are removed; and
- (b) as supplied outside the United Kingdom where their supply involves their installation or assembly at a place outside the United Kingdom to which they are removed.

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- (2B) Goods whose place of supply is not determined under any of the preceding provisions of this section shall be treated as supplied in the United Kingdom where—
- (a) the supply involves the removal of the goods to the United Kingdom by or under the directions of the person who supplies them;
 - (b) the supply is a transaction in pursuance of which the goods are acquired in the United Kingdom from another member State by a person who is not a taxable person;
 - (c) the supplier—
 - (i) is liable to be registered under Schedule 1A to this Act; or
 - (ii) would be so liable if he were not already registered under this Act or liable to be registered under Schedule 1 to this Act;
 and
 - (d) the supply is neither a supply of goods consisting in a new means of transport nor anything which is treated as a supply for the purposes of this Act by virtue only of paragraph 5(1) or 5A of Schedule 2 to this Act.
- (2C) Goods whose place of supply is not determined under any of the preceding provisions of this section and which do not consist in a new means of transport shall be treated as supplied outside the United Kingdom where—
- (a) the supply involves the removal of the goods, by or under the directions of the person who supplies them, to another member State;
 - (b) the person who makes the supply is taxable in another member State; and
 - (c) provisions of the law of that member State corresponding, in relation to that member State, to the provisions made by subsection (2B) above make that person liable to value added tax on the supply;
- but this subsection shall not apply in relation to any supply in a case where the liability mentioned in paragraph (c) above depends on the exercise by any person of an option in the United Kingdom corresponding to such an option as is mentioned in paragraph 1(2) of Schedule 1A to this Act, unless that person has given, and has not withdrawn, a notification to the Commissioners that he wishes his supplies to be treated as taking place outside the United Kingdom where they are supplies in relation to which the other requirements of this subsection are satisfied.
- (2D) Goods whose place of supply is not determined under any of the preceding provisions of this section shall be treated as supplied in the United Kingdom where—
- (a) their supply involves their being imported from a place outside the member States; and
 - (b) the person who supplies them is the person by whom, or under whose directions, they are so imported.
- (3) Goods whose place of supply is not determined under any of the preceding provisions of this section but whose supply involves their removal to or from the United Kingdom shall be treated—
- (a) as supplied in the United Kingdom where their supply involves their removal from the United Kingdom without also involving their previous removal to the United Kingdom; and
 - (b) as supplied outside the United Kingdom in any other case.]
- (4) For the purposes of [F¹²the preceding provisions of this section], where goods, in the course of their removal from a place in the United Kingdom to another place in the

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United Kingdom, leave and re-enter the United Kingdom the removal shall not be treated as a removal from or to the United Kingdom.

[^{F13}(4A) The Commissioners may by regulations provide that a notification for the purposes of subsection (2C) above is not to be given or withdrawn except in such circumstances, and in such form and manner, as may be prescribed.]

- (5) A supply of services shall be treated as made—
- (a) in the United Kingdom if the supplier belongs in the United Kingdom; and
 - (b) in another country (and not in the United Kingdom), if the supplier belongs in that other country.
- (6) The Treasury may by order provide, in relation to [^{F14}goods or services] generally or to particular [^{F14}goods or services] specified in the order, for varying the rules for determining where a supply of [^{F14}goods or services] is made.

Textual Amendments

- F8** Words in s. 6(1) inserted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 7(1)**; S.I. 1992/2979, art. 4, **Sch. Pt.II** (with art. 5).
- F9** Words substituted by Finance Act 1987 (c. 16, SIF 40:2), s. 12(2)(4)
- F10** Words in s. 6(2) inserted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 7(2)**; S.I. 1992/2979, art. 4, **Sch. Pt.II** (with art. 5).
- F11** S. 6(3) substituted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 7(3)**; S.I. 1992/2979, art. 4, **Sch. Pt.II** (with art. 5).
- F12** Words in s. 6(4) substituted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 7(4)**; S.I. 1992/2979, art. 4, **Sch. Pt.II** (with art. 5).
- F13** S. 6(4A) inserted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 7(5)**; S.I. 1992/2979, art. 4, **Sch. Pt.II** (with art. 5).
- F14** Words in s. 6(6) substituted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para. 7(6)**; S.I. 1992, art. 4, Sch. Pt.II (with art. 5).

Modifications etc. (not altering text)

- C7** S. 6 modified by S.I. 1987/1806, art. 5(1)

7 Reverse charge on supplies received from abroad.

- (1) Subject to subsection (3) below, where relevant services are—
- (a) supplied by a person who belongs in a country other than the United Kingdom; and
 - (b) received by a [^{F15}person (in this section referred to as “the recipient”)] who belongs in the United Kingdom for the purposes of any business carried on by him,

then all the same consequences shall follow under this Act (and particularly so much as charges tax on a supply and entitles a taxable person to credit for input tax) [^{F16}as if the recipient] had himself supplied the services in the United Kingdom in the course or furtherance of his business, and that supply were a taxable supply.

- (2) In this section “relevant services” means services of any of the descriptions specified in Schedule 3 to this Act, not being services within any of the descriptions specified in Schedule 6 to this Act.

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- (3) Supplies which are treated as made by the ^{F17}recipient]taxable person under subsection (1) above are not to be taken into account as supplies made by him when determining ^{F18}any allowance]of input tax in his case under section 15(1) below.
- (4) In applying subsection (1) above, the supply of services treated as made by the ^{F19}recipient]shall be assumed to have been made—
- ^{F20}(a)
- (b) at a time to be determined in accordance with regulations prescribing rules for attributing a time of supply in cases within that subsection.
- (5) The Treasury may by order add to, or vary, Schedule 3 to this Act.
- ^{F21}(6) The power of the Treasury by order to add to or vary Schedule 3 to this Act shall include power, where any services whose place of supply is determined by an order under section 6(6) above are added to that Schedule, to provide that subsection (1) above shall have effect in relation to those services as if a person belongs in the United Kingdom for the purposes of paragraph (b) of that subsection if, and only if, he is a taxable person.]

Textual Amendments

- F15** Words substituted by Finance Act 1987 (c. 16, SIF 40:2), s. 19(2), **Sch. 2 para. 1(a)**
- F16** Words substituted by Finance Act 1987 (c. 16, SIF 40:2), s. 19(2), **Sch. 2 para. 1(b)**
- F17** Words substituted by Finance Act 1987 (c. 16, SIF 40:2), s. 19(2), **Sch. 2 para. 1(c)**
- F18** Words substituted by Finance Act 1987 (c. 16, SIF 40:2), s. 19(2), **Sch. 2 para. 1(d)**
- F19** Words substituted by Finance Act 1987 (c. 16, SIF 40:1), s. 19(2), **Sch. 2 para. 1(c)**
- F20** S. 7(4)(a) repealed by Finance (No. 2) Act 1992 (c. 48), s. 82, **Sch. 18 Pt. V** (by the note at the end of Pt. V of Sch. 18 it is provided that the repeals in Pt. V come into force in accordance with s. 14(3) of that 1992 Act); S.I. 1992/1867, art. 3, **Sch. Pt. I**; S.I. 1992/2979, art. 4, **Sch. Pt. II** (with art. 5); S.I. 1992/3261, art. 3, **Sch.** (with art. 4)
- F21** S. 7(6) inserted (1.12.1992) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para.8**; S.I. 1992/2979, art. 4, **Sch. Pt.II** (with art. 5).

Modifications etc. (not altering text)

- C8** S. 7(1) modified (1.11.1993) by S.I. 1993/2328, **art.4**

8 Place where supplier or recipient of services belongs.

- (1) Subsection (2) below shall apply for determining, in relation to any supply of services, whether the supplier belongs in one country or another and subsections (3) and (4) below shall apply ^{F22}(subject to any provision made under section 7(6) above)] for determining, in relation to any supply of services, whether the recipient belongs in one country or another.
- (2) The supplier of services shall be treated as belonging in a country if—
- (a) he has there a business establishment or some other fixed establishment and no such establishment elsewhere; or
- (b) he has no such establishment (there or elsewhere) but his usual place of residence is there; or
- (c) he has such establishments both in that country and elsewhere and the establishment of his which is most directly concerned with the supply is there.

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- (3) If the supply of services is made to an individual and received by him otherwise than for the purposes of any business carried on by him, he shall be treated as belonging in whatever country he has his usual place of residence.
- (4) Where subsection (3) above does not apply, the person to whom the supply is made shall be treated as belonging in a country if—
- (a) either of the conditions mentioned in paragraphs (a) and (b) of subsection (2) above is satisfied; or
 - (b) he has such establishments as are mentioned in subsection (2) above both in that country and elsewhere and the establishment of his at which, or for the purposes of which, the services are most directly used or to be used is in that country.
- (5) For the purposes of this section (but not for any other purposes)—
- (a) a person carrying on a business through a branch or agency in any country shall be treated as having a business establishment there; and
 - (b) “usual place of residence”, in relation to a body corporate, means the place where it is legally constituted.

Textual Amendments

F22 Words in s. 8(1) inserted (1.1.1993) by Finance (No. 2) Act 1992 (c. 48), s. 14(2), **Sch. 3 Pt. I para.9**; S.I. 1992/3261, **art. 3**, Sch. (with art. 4)

Modifications etc. (not altering text)

C9 S. 8 modified by S.I. 1987/1806, **art. 5(1)**

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