

SCHEDULES

SCHEDULE 2

Section 3.

MATTERS TO BE TREATED AS SUPPLY OF GOODS OR SERVICES

- 1 (1) Any transfer of the whole property in goods is a supply of goods ; but, subject to sub-paragraph (2) below, the transfer—
 - (a) of any undivided share of the property, or
 - (b) of the possession of goods,is a supply of services.
- (2) If the possession of goods is transferred-
 - (a) under an agreement for the sale of the goods, or
 - (b) under agreements which expressly contemplate that the property also will pass at some time in the future (determined by, or ascertainable from, the agreements but in any case not later than when the goods are fully paid for),it is then in either case a supply of the goods.
- 2 Where a person produces goods by applying to another person's goods a treatment or process, he shall be treated as supplying those goods.
- 3 The supply of any form of power, heat, refrigeration or ventilation is a supply of goods.
- 4 The granting, assignment or surrender of a major interest in land is a supply of goods.
- 5 (1) Subject to sub-paragraph (2) below, where goods forming part of the assets of a business are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets, whether or not for a consideration, that is a supply by him of the goods.
 - (2) Sub-paragraph (1) above does not apply where the transfer or disposal is—
 - (a) a gift of goods made in the course or furtherance of the business (otherwise than as one forming part of a series or succession of gifts made to the same person from time to time) where the cost to the donor is not more than £10;
 - (b) a gift, to an actual or potential customer of the business, of an industrial sample in a form not ordinarily available for sale to the public.
 - (3) Where by or under the directions of a person carrying on a business goods held or used for the purposes of the business are put to any private use or are used, or made available to any person for use, for any purpose other than a purpose of the business, whether or not for a consideration, that is a supply of services.
 - (4) Anything which is a supply of goods or services by virtue of sub-paragraph (1) or (3) above is to be treated as made in the course or furtherance of the business (if it would not otherwise be so treated); and in the case of a business carried on by an individual—

Status: This is the original version (as it was originally enacted).

- (a) sub-paragraph (1) above applies to any transfer or disposition of goods in favour of himself personally ; and
 - (b) sub-paragraph (3) above applies to goods used, or made available for use, by himself personally.
- 6 Where in the case of a business carried on by a taxable person, goods forming part of the assets of the business are, under any power exercisable by another person, sold by the other in or towards satisfaction of a debt owed by the taxable person, they shall be deemed to be supplied by the taxable person in the course or furtherance of his business.
- 7 (1) Where a person ceases to be a taxable person, any goods then forming part of the assets of a business carried on by him shall be deemed to be supplied by him in the course or furtherance of his business immediately before he ceases to be a taxable person, unless—
 - (a) the business is transferred as a going concern to another taxable person; or
 - (b) the business is carried on by another person who, under regulations made under section 31(4) above, is treated as a taxable person ; or
 - (c) the tax on the deemed supply would not be more than £250.
- (2) This paragraph does not apply to any goods in the case of which the taxable person can show to the satisfaction of the Commissioners—
 - (a) that no credit for input tax in respect of the supply or importation of the goods has been allowed to him;
 - (b) that the goods were not acquired by him as part of the assets of a business which was transferred to him as a going concern by another taxable person ; and
 - (c) that he has not obtained relief in respect of the goods under section 4 of the Finance Act 1973.
- (3) The Treasury may by order increase or further increase the sum specified in sub-paragraph (1)(c) above.