

SCHEDULES

SCHEDULE 4

MATTERS TO BE TREATED AS SUPPLY OF GOODS OR SERVICES

Modifications etc. (not altering text)

C1 Sch. 4 applied (with modifications) (1.4.2009) by [Finance Act 2008 \(c. 9\)](#), s. 113(2), [Sch. 36 para. 34\(4\)](#) (with [Sch. 36 para. 38](#)); [S.I. 2009/404](#), art. 2

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 goods.

(2) Sub-paragraph (1) above does not apply where the transfer or disposal is—

[^{F1}(a) a business gift the cost of which, together with the cost of any other business gifts made to the same person in the same year, was not more than £50.]

[^{F2}(b) the provision to a person, otherwise than for a consideration, of a sample of goods.]

[^{F3}(2ZA) In sub-paragraph (2) above—

“business gift” means a gift of goods that is made in the course or furtherance of the business in question;

“cost”, in relation to a gift of goods, means the cost to the donor of acquiring or, as the case may be, producing the goods;

“the same year”, in relation to a gift, means any period of twelve months that includes the day on which the gift is made.]

[^{F4}(2A) For the purposes of determining the cost to the donor of acquiring or producing goods of which he has made a gift, where—

(a) the acquisition by the donor of the goods, or anything comprised in the goods, was by means of a transfer of a business, or a part of a business, as a going concern,

(b) the assets transferred by that transfer included those goods or that thing, and

(c) the transfer of those assets is one falling by virtue of an order under section 5(3) (or under an enactment re-enacted in section 5(3)) to be treated as neither a supply of goods nor a supply of services,

the donor and his predecessor or, as the case may be, all of his predecessors shall be treated as if they were the same person.]

^{F5}(3)

(4) 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

Changes to legislation: There are currently no known outstanding effects for the Value Added Tax Act 1994, Paragraph 5. (See end of Document for details)

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.

^{F6}(4A)

[^{F7}(4A) Sub-paragraph (4) does not apply (despite paragraph 9(1)) to—

- (a) any interest in land,
- (b) any building or part of a building,
- (c) any civil engineering work or part of such a work,
- (d) any goods incorporated or to be incorporated in a building or civil engineering work (whether by being installed as fixtures or fittings or otherwise),
- (e) any ship, boat or other vessel, or
- (f) any aircraft.]

(5) Neither sub-paragraph (1) nor [^{F8}sub-paragraph (4) above] shall require anything which a person carrying on a business does otherwise than for a consideration in relation to any goods to be treated as a supply except in a case where that person [^{F9}or any of his predecessors is a person who (disregarding this paragraph) has or will become] entitled—

- [^{F10}(a) under sections 25 and 26, to credit for the whole or any part of the VAT on the supply^{F11}... or importation of those goods or of anything comprised in them; or
- (b) under a scheme embodied in regulations made under section 39, to a repayment of VAT on the supply or importation of those goods or of anything comprised in them.]

[^{F12}(5A) In relation to any goods or anything comprised in any goods, a person is the predecessor of another for the purposes of this paragraph if—

- (a) that other person is a person to whom he has transferred assets of his business by a transfer of that business, or a part of it, as a going concern;
- (b) those assets consisted of or included those goods or that thing; and
- (c) the transfer of the assets is one falling by virtue of an order under section 5(3) (or under an enactment re-enacted in section 5(3)) to be treated as neither a supply of goods nor a supply of services;

and references in this paragraph to a person's predecessors include references to the predecessors of his predecessors through any number of transfers.]

(6) Anything which is a supply of goods or services by virtue of sub-paragraph (1) or (4) 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—

- (a) sub-paragraph (1) above applies to any transfer or disposition of goods in favour of himself personally; and
- (b) [^{F8}sub-paragraph (4) above] applies to goods used, or made available for use, by himself personally.

[^{F13}(7) The Treasury may by order substitute for the sum for the time being specified in sub-paragraph (2)(a) above such sum, not being less than £10, as they think fit.]

Changes to legislation: There are currently no known outstanding effects for the Value Added Tax Act 1994, Paragraph 5. (See end of Document for details)

Textual Amendments

- F1** Sch. 4 para. 5(2)(a) substituted (with application in accordance with s. 21(4) of the amending Act) by [Finance Act 2003 \(c. 14\), s. 21\(2\)](#)
- F2** Sch. 4 para. 5(2)(b) substituted (19.7.2011) by [Finance Act 2011 \(c. 11\), s. 74\(2\)](#)
- F3** Sch. 4 para. 5(2ZA) inserted (with application in accordance with s. 21(4) of the amending Act) by [Finance Act 2003 \(c. 14\), s. 21\(3\)](#)
- F4** Sch. 4 para. 5(2A) inserted (31.7.1998 with effect as mentioned in [s. 21\(6\)](#) of the amending Act) by [1998 c. 36, s. 21\(3\)\(6\)](#)
- F5** Sch. 4 para. 5(3) omitted (19.7.2011) by virtue of [Finance Act 2011 \(c. 11\), s. 74\(3\)](#)
- F6** Sch. 4 para. 5(4A) repealed (1.9.2007) by [Finance Act 2007 \(c. 11\), s. 99\(2\)\(6\), Sch. 27 Pt. 6\(1\)](#)
- F7** Sch. 4 para. 5(4A) inserted (with application in accordance with Sch. 8 para. 3(3)-(5) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\), Sch. 8 para. 3\(1\)\(2\)](#) (with [Sch. 8 para. 4](#))
- F8** Words in Sch. 4 para. 5(5)(6)(b) substituted (retrospectively) by [1995 c. 4, s. 33\(3\)\(a\)](#)
- F9** Words in Sch. 4 para. 5(5) substituted (31.7.1998 with effect as mentioned in [s. 21\(6\)](#) of the amending Act) by [1998 c. 36, s. 21\(4\)\(6\)](#)
- F10** Sch. 4 para. 5(5)(a)(b) substituted for words in Sch. 4 para. 5(5) (28.7.2000 with effect as mentioned in [s. 136\(10\)](#) of the amending Act) by [2000 c. 17, s. 136\(9\)](#)
- F11** Word in [Sch. 4 para. 5\(5\)\(a\)](#) omitted (31.12.2020) by virtue of [Taxation \(Cross-border Trade\) Act 2018 \(c. 22\), s. 57\(3\), Sch. 8 para. 88\(2\)](#) (with [Sch. 8 para. 99](#)) (with savings and transitional provisions in [S.I. 2019/105](#) (as amended by [S.I. 2020/1495, regs. 1\(2\), 21](#)), [S.I. 2020/1545, Pt. 4](#) and [2020 c. 26, Sch. 2 para. 7\(7\)-\(9\)](#)); [S.I. 2020/1642, reg. 4\(b\)](#) (with [reg. 7](#))
- F12** Sch. 4 para. 5A inserted (31.7.1998 with effect as mentioned in [s. 21\(6\)](#) of the amending Act) by [1998 c. 36, s. 21\(5\)\(6\)](#)
- F13** Sch. 4 para. 5(7) inserted (29.4.1996) by [1996 c. 8, s. 33\(2\)](#)

Modifications etc. (not altering text)

- C1** Sch. 4 para. 5(4) excluded by [S.I. 1995/1268, art. 10A](#) (as inserted (1.11.2007) by [The Value Added Tax \(Special Provisions\) \(Amendment\) Order 2007 \(S.I. 2007/2923\), arts. 1, 3](#))

Changes to legislation:

There are currently no known outstanding effects for the Value Added Tax Act 1994, Paragraph 5.