

**1 VAT treatment of vouchers**

Schedule 1 makes provision about the VAT treatment of vouchers.

## SCHEDULE 1

Section 1

## VAT TREATMENT OF VOUCHERS

- 1 VATA 1994 is amended as follows.
- 2 In section 51B—
- (a) in the heading, at the end insert “issued before 1 January 2019”;
  - (b) the existing text becomes subsection (1);
  - (c) after that subsection insert—
    - “(2) Schedule 10A does not have effect with respect to a face value voucher (within the meaning of that Schedule) issued on or after 1 January 2019.”
- 3 After section 51B insert—
- “51C Vouchers issued on or after 1 January 2019**
- (1) Schedule 10B makes provision about the VAT treatment of vouchers.
  - (2) Schedule 10B has effect with respect to a voucher (within the meaning of that Schedule) issued on or after 1 January 2019.”
- 51D Postage stamps issued on or after 1 January 2019**
- (1) The issue of a postage stamp, and any subsequent transfer of it, is a supply of services for the purposes of this Act.
  - (2) The consideration for the issue or subsequent transfer of a postage stamp is to be disregarded for the purposes of this Act, except to the extent (if any) that it exceeds the face value of the stamp.
  - (3) The “face value” of the stamp is the amount stated on or recorded in the stamp or the terms and conditions governing its use.
  - (4) This section has effect with respect to postage stamps issued on or after 1 January 2019.”
- 4 In the heading to Schedule 10A, at the end insert “issued before 1 January 2019”.
- 5 After Schedule 10A insert—

## “SCHEDULE 10B

Section 51C

## VAT TREATMENT OF VOUCHERS ISSUED ON OR AFTER 1 JANUARY 2019

*Meaning of “voucher”*

- 1 (1) In this Schedule “voucher” means an instrument (in physical or electronic form) in relation to which the following conditions are met.

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- (2) The first condition is that one or more persons are under an obligation to accept the instrument as consideration for the provision of goods or services.
  - (3) The second condition is that either or both of—
    - (a) the goods and services for the provision of which the instrument may be accepted as consideration, and
    - (b) the persons who are under the obligation to accept the instrument as consideration for the provision of goods or services,are limited and are stated on or recorded in the instrument or the terms and conditions governing the use of the instrument.
  - (4) The third condition is that the instrument is transferable by gift (whether or not it is transferable for consideration).
  - (5) The following are not vouchers—
    - (a) an instrument entitling a person to a reduction in the consideration for the provision of goods or services;
    - (b) an instrument functioning as a ticket, for example for travel or for admission to a venue or event;
    - (c) postage stamps.

#### *Meaning of related expressions*

- 2 (1) This paragraph gives the meaning of other expressions used in this Schedule.
- (2) “Relevant goods or services”, in relation to a voucher, are any goods or services for the provision of which the voucher may be accepted as consideration.
- (3) References in this Schedule to the transfer of a voucher do not include the voucher being offered and accepted as consideration for the provision of relevant goods or services.
- (4) References in this Schedule to a voucher being offered or accepted as consideration for the provision of relevant goods or services include references to the voucher being offered or accepted as part consideration for the provision of relevant goods or services.

#### *VAT treatment of vouchers: general rule*

- 3 (1) The issue, and any subsequent transfer, of a voucher is to be treated for the purposes of this Act as a supply of relevant goods or services.
- (2) References in this Schedule to the “paragraph 3 supply”, in relation to the issue or transfer of a voucher, are to the supply of relevant goods or services treated by this paragraph as having been made on the issue or transfer of the voucher.

#### *Single purpose vouchers: special rules*

- 4 (1) A voucher is a single purpose voucher if, at the time it is issued, the following are known—

- (a) the place of supply of the relevant goods or services, and
    - (b) that any supply of relevant goods or services falls into a single supply category (and what that supply category is).
  - (2) The supply categories are –
    - (a) supplies chargeable at the rate in force under section 2(1) (standard rate),
    - (b) supplies chargeable at the rate in force under section 29A (reduced rate),
    - (c) zero-rated supplies, and
    - (d) exempt supplies and other supplies that are not taxable supplies.
  - (3) For the purposes of this paragraph, assume that the supply of relevant goods or services is the provision of relevant goods or services for which the voucher may be accepted as consideration (rather than the supply of relevant goods or services treated as made on the issue or transfer of the voucher).
- 5
- (1) This paragraph applies where a single purpose voucher is accepted as consideration for the provision of relevant goods or services.
  - (2) The provision of the relevant goods or services is not a supply of goods or services for the purposes of this Act.
  - (3) But where the person who provides the relevant goods or services (the “provider”) is not the person who issued the voucher (the “issuer”), for the purposes of this Act the provider is to be treated as having made a supply of those goods or services to the issuer.

*Multi-purpose vouchers: special rules*

- 6 A voucher is a multi-purpose voucher if it is not a single purpose voucher.
- 7
- (1) Any consideration for the issue or subsequent transfer of a multi-purpose voucher is to be disregarded for the purposes of this Act.
  - (2) The paragraph 3 supply made on the issue or subsequent transfer of a multi-purpose voucher is to be treated as not being a supply within section 26(2).
- 8
- (1) Where a multi-purpose voucher is accepted as consideration for the provision of relevant goods or services, for the purposes of this Act –
    - (a) the provision of the relevant goods or services is to be treated as a supply, and
    - (b) the value of the supply treated as having been made by paragraph (a) is determined as follows.
  - (2) If the consideration for the most recent transfer of the voucher for consideration is known to the supplier, the value of the supply is such amount as, with the addition of the VAT chargeable on the supply, is equal to that consideration.
  - (3) If the consideration for the most recent transfer of the voucher for consideration is not known to the supplier, the value of the supply

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is such amount as, with the addition of the VAT chargeable on the supply, is equal to the face value of the voucher.

- (4) The “face value” of a voucher is the monetary value stated on or recorded in—
- (a) the voucher, or
  - (b) the terms and conditions governing the use of the voucher.

#### *Intermediaries*

- 9 (1) This paragraph applies where—
- (a) a voucher is issued or transferred by an agent who acts in their own name, and
  - (b) the paragraph 3 supply is a supply of services to which section 47(3) would apply (apart from this paragraph).
- (2) Section 47(3) does not apply.
- (3) The paragraph 3 supply is treated as both a supply to the agent and a supply by the agent.
- 10 Nothing in this Schedule affects the application of this Act to any services provided, by a person who issues or transfers a voucher, in addition to the issue or transfer of the voucher.

#### *Composite transactions*

- 11 (1) This paragraph applies where, as part of a composite transaction—
- (a) goods or services are supplied to a person, and
  - (b) a voucher is issued or transferred to that person.
- (2) If the total consideration for the transaction is not different, or not significantly different, from what it would be if the voucher were not issued or transferred, the paragraph 3 supply is to be treated as being made for no consideration.”