

Supplies of catering

A recent case concerning the VAT liability of catering will be of interest to hospitals, universities and other large organisations with catering facilities on their premises.

The case involved the Compass Group which was appointed to provide food from units within BBC buildings. Some units were Compass branded such as Upper Crust and some not, but still sold branded products. There were six units that sold sandwiches and cold salads which Compass claimed were zero rated. Customs argued that supplies of cold prepared food, such as sandwiches, salads, snacks and drinks, from the outlets were standard rated supplies made "in the course of catering", so the purchaser had to pay VAT on them to Compass.

The original Tribunal disagreed with Customs' and found that the supplies of sandwiches by Compass to customers at the food outlets were not supplies in the course of catering and that the supplies were not for consumption in the premises, meaning the premises of the food outlet.

The Court of Appeal agreed with the Tribunal and dismissed Customs appeal on the grounds that the individual customers were simply buying sandwiches in the same way they were buying them zero rated from another available retail outlet and no food was consumed in the outlets themselves. The sale of cold prepared food, such as sandwiches, to customers from retail outlets within a larger building did not amount to a supply "in the course of catering", nor were the supplies of food "for consumption on the premises", and accordingly the supplies were zero rated.

If your business may be affected by this ruling then 4 Eyes Ltd will be able to assist with any potential VAT reclaim to HM Revenue and Customs where previously input Vat has been accounted for on sale proceeds.