

**Agent or principal*****Bath Taxis (20974)***

This Tribunal case looked at whether the services supplied by a taxi firm to account customers were provided to them as an agent or principal.

The appellant had two types of customers, either cash customers with services being carried out by owner drivers or account customers. HMRC agreed that the firm acted as an agent for the drivers in respect of supplies of cash customers and was liable only to account for VAT on a circuit fee paid to the drivers whereas they believed that the firm was not acting as an agent for account customers. The firm considered that it was also acting as an agent with account customers because 90% of the fare was due to the driver, the remaining 10% being retained by the company for the administration services associated with account customers, it accounted for VAT on the 10% fee only.

The evidence produced in the Tribunal showed that it was the taxi firm that made the supply of taxi services to the account customers and not the individual drivers, particularly as the taxi firm bore the risk of bad debts and was responsible for collecting the whole fare from the account customers whereas with cash customers' it was the drivers' responsibility. It also invoiced the account customer in its own name and kept the appropriate accounting records of account customers.

For this reason, the Tribunal ruled in favour of HMRC that the taxi firm acted as a principal for account customers and dismissed the taxi firm's appeal.

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