

Some Royal Mail postal services may be liable to VAT**TNT Post UK Limited (C-357/07)**

The ECJ has essentially followed the opinion of the Advocate General, deciding that the scope of exemption for postal services is limited to supplies which are made in the public interest and meet the essential needs of the population for postal services at a reduced cost. Whilst it will be for the national courts to determine, on the basis of their national postal markets, which postal services meet those criteria and qualify for exemption, the ECJ was clear that exemption does not extend to services which are supplied on terms negotiated with individual businesses.

All businesses incurring significant postal charges should therefore review their position pending the High Court's judgment in this case.

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