Use and enjoyment

Indirect Tax

01 April 2016

HMRC has published a draft statutory instrument requiring the application of the ‘use and enjoyment’ rule to determine the place of supply of services comprising the repair of goods owned by insured persons that are repaired under a contract of insurance that provides for the repair of insured goods rather than the indemnify of the insured person’s costs.

Although we agree that measures need to be taken, we are concerned that the draft legislation is deficient in that it is silent on what is to be regarded as ‘use’ and ‘enjoyment’. We would prefer a definition in legislation, but we would suggest that an alternative would be suitable guidance and examples.

We await comments from HMRC on this issue.