



Neutral Citation: [2024] UKFTT 00340 (TC)

Case Number: TC09144

**FIRST-TIER TRIBUNAL
TAX CHAMBER**

[By remote video/telephone hearing]

Appeal reference: TC/2022/11373

VALUE ADDED TAX – VAT Regulations 1995 regulation 14 – requirement for invoice to contain a description - whether description of services supplied sufficient – appeal allowed

Heard on: 9 February 2024
Judgment date: 18 April 2024

Before

**TRIBUNAL JUDGE MALCOLM FROST
DUNCAN MCBRIDE**

Between

FOUNT CONSTRUCTION LIMITED

Appellant

and

THE COMMISSIONERS FOR HIS MAJESTY’S REVENUE AND CUSTOMS
Respondents

Representation:

For the Appellant: Brian White of Brian White Tax Resolution Ltd

For the Respondents: Siobhán Brown litigator of HM Revenue and Customs’ Solicitor’s Office

DECISION

INTRODUCTION

1. This matter is an appeal against a decision by HMRC to disallow claims for recovery of input tax on the basis that the corresponding invoices held by the Appellant (“FCL”) did not meet the relevant legislative requirements.

2. With the consent of the parties, the form of the hearing was V (video) using the Tribunal video platform. Prior notice of the hearing had been published on the gov.uk website, with information about how representatives of the media or members of the public could apply to join the hearing remotely in order to observe the proceedings. As such, the hearing was held in public.

BACKGROUND FACTS

3. The documents to which we were referred were a document bundle of 466 pages, an authorities bundle of 186 pages, an Appellant’s Skeleton Argument of 12 pages and a Respondent’s Skeleton Argument of 12 pages.

4. The invoices in question (the “Contested Invoices”) were 3 invoices from Landcore Limited. The invoices were for a total VAT amount of £15,218.59.

5. The Contested Invoices each contained the single description “Building Works at the above”. The invoices contained a box entitled “Job address” containing the address for the building site in question.

6. The Contested Invoices set out that VAT was calculated at the standard rate and included a VAT-exclusive subtotal, the VAT amount, and the overall total.

7. HMRC decided that the Contested Invoices did not meet the requirements set out in regulation 14(1), paragraphs (g) and (h), of the Value Added Tax Regulations 1995. FCL appealed against that decision.

THE LAW

8. Regulation 14(1) Value Added Tax Regulations 1995 provides (so far as is relevant):

14(1) ... a registered person providing a VAT invoice in accordance with regulation 13 shall state thereon the following particulars—

...

(g) a description sufficient to identify the goods or services supplied,

(h) for each description, the quantity of the goods or the extent of the services, and the rate of VAT and the amount payable, excluding VAT, expressed in any currency,

DISCUSSION AND DECISION

9. Ms Brown, on behalf HMRC submitted that HMRC needed to be able to verify that the details on the invoices were correct, that the VAT had a business purpose and was charged at the correct rate. HMRC suggested that the description was insufficient as it did not allow HMRC to assess the liability or determine the rate of VAT due.

10. Mr White, for FCL, contended that an invoice can have a simple description and ‘did not need a novel’ in order for it to be valid.

11. We referred to the case of *Deadoc Construction Limited v HMRC* [2015] UKFTT 0433 (TC). At paragraph 58 of that decision the Tribunal (Peter Kempster and Mohammed Farooq) set out the level of detail required by the statute (broken into paragraphs, to aid readability):

“58. How much detail must an invoice contain for it to satisfy reg 14 (g) & (h)? Without attempting to be definitive, our view is that it depends on the matters being invoiced.

In relation to invoices for supplies of services, one example (one that was cited to us in evidence and in argument) is that of a professional firm (say, accountants) whose fee notes simply use a stock phrase such as “To professional services rendered in the period 1 March to 31 March 2015”. That, it seems to us, must be adequate for the purposes of reg 14 (g) & (h). The services supplied can be identified (the professional services of a firm of accountants), as can their extent (those rendered in the month of March).

Turning to invoicing of supplies of goods, one would, it seems to us, normally expect to see a narrative description of the goods that the customer could check and approve for payment – that is what reg 14 (g) & (h) requires: a description to identify the goods and give the quantity of the goods. Often the goods invoice will recite the specification from the customer’s purchase order (or if only part of the order is being satisfied, such part of it as relates to the particular goods being supplied).

However, we accept Mr Deane’s evidence that in the line of business of construction groundworks contractors it was common practice for less information to be provided, and we look at specifics later. Of course, it may be that on receipt of an invoice the customer wishes to check or query the invoice to ascertain that it covers all and only the supplies the customer believes he is liable to pay for. Where the customer approves and pays the invoice without challenge, that is some evidence that the invoice contains a sufficient identification (reg 14 (g)) and quantification (by quantity or extent) (reg 14 (h)) of the goods or services supplied ; however, we do not accept that payment of the invoice is in itself conclusive that the invoice is reg 14 compliant. Part of the purpose of reg 14 is to ensure that invoices contain sufficient information to enable an independent observer (typically HMRC) to be satisfied as to the identification and quantification of the goods and services supplied.”

12. We agree entirely with this approach.
13. We consider that the purpose of the description required by the statute is twofold:
 - (1) Firstly, to enable both the recipient and supplier of the supply to have a common understanding of which services the invoice relates to, so that they can complete their respective VAT returns accurately.
 - (2) Secondly, to provide HMRC with a means of understanding the essential nature of the supply and a means of identifying the supply in correspondence with the recipient or the supplier in order to seek more information as needed.
14. We do not agree with HMRC’s suggestion that the invoice description needs to be in such detail as to enable HMRC to draw definitive views on the VAT treatment of the supply from the invoice alone. HMRC have wide-ranging powers to seek further information in relation to the supply, and to refuse recovery of input tax if such information is not supplied. The invoice is the gateway into any enquiries by HMRC, rather than a repository for the answers to any questions that might be asked.

15. The *Deadoc* case considered a number of invoices relating to building works. A helpful illustration of where the dividing line for meeting the statutory requirement was held to be in that case can be found by contrasting paragraphs 62 and 63 of that decision:

“62. The descriptions on four of these invoices are reg 14 compliant, being 15 “Stone up and tarmac as agreed”; “supply of labour, plant and material at ...” followed by the name of a specific site or sites (eg Sheffield), or to a contract (eg Measham). We consider that is sufficient.

63. However, five of the invoices stated “supply of labour, plant and material” but did not include the name of a site or contract, nor stipulate what period was covered by the invoice, nor any other identifying information. In these cases, we do not consider the invoices meet the requirements of reg 14 (g) & (h)...”

16. From the above we conclude that a general short description of the nature of the services (such as “Building Services”), along with some further identifying information such as the name of the site, the contract, or the date of works, will be sufficient to meet the requirements of regulation 14.

17. For the purposes of deciding this case, we do not need to take a view on whether a short description would be sufficient in the absence of further identifying information. However, we endorse the view of the Tribunal in paragraph 58 of *Deadoc* that it will very much depend on the context.

CONCLUSION

18. In the present case, the invoices contained a description of the services (“Building Works”) and the full address of the site in question. Applying the approach set out above, we find that these invoices were compliant with regulation 14 of the VAT Regulations.

19. The appeal is therefore allowed.

RIGHT TO APPLY FOR PERMISSION TO APPEAL

20. This document contains full findings of fact and reasons for the decision. Any party dissatisfied with this decision has a right to apply for permission to appeal against it pursuant to Rule 39 of the Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules 2009. The application must be received by this Tribunal not later than 56 days after this decision is sent to that party. The parties are referred to “Guidance to accompany a Decision from the First-tier Tribunal (Tax Chamber)” which accompanies and forms part of this decision notice.

**MALCOLM FROST
TRIBUNAL JUDGE**

Release date: 18th APRIL 2024