

Contract with no opportunity to review

187. (1) This section shall apply where—

- (a) a written contract specifically identifies a supply and the consideration for the supply; and
- (b) any supply is made pursuant to any contract with no opportunity to review entered into not less than two years before the effective date.

(2) Where a supply is made before the earlier of the following, that is—

- (a) five years after the effective date; or
- (b) when a review opportunity arises,

the supply made pursuant to a contract with no opportunity to review shall be treated as a zero-rated supply:

Provided that—

- (A) the supplier and recipient of the supply are registered persons;
- (B) the supply is a taxable supply; and
- (C) the recipient is making wholly taxable supply.

(3) For the purposes of this section—

- (a) “contract with no opportunity to review” means any written contract or agreement which has no provision for a general review of the consideration for the supply for such a period until a review opportunity arises;
- (b) “review opportunity” means an opportunity that arises for the supplier under the contract, acting either alone or with the agreement of one or more of the other parties to the contract, to—
 - (i) change the consideration directly or indirectly because of the imposition of the tax;
 - (ii) conduct, on or after the effective date, a general review, renegotiation or alteration of the consideration; or
 - (iii) conduct, before the effective date, a general review, renegotiation or alteration of the consideration that takes account of the imposition of the tax.