

SECOND SCHEDULE

[SECTION 4]

MATTERS TO BE TREATED AS NEITHER A SUPPLY OF GOODS NOR A SUPPLY OF SERVICES

Transfer of going concern

1. The supply of business assets to a person under section 68 is treated as neither a supply of goods nor a supply of services if the assets are to be used by transferee in carrying on the same kind of business, whether or not as part of any existing business, as that carried on by the transferor or where the supply to whom he transfers relates to part of his business only as a going concern, that part of business shall be capable of separate operation and the transferee is already, or immediately becomes as a result of the transfer, a taxable person.

Pension, provident or social security fund

2. Any contribution made to the pension, provident or social security fund under any written law shall be treated as neither a supply of goods nor a supply of services.

Supply by any society or similar organization

3. The supply of any goods or services by any society or similar organization registered under any written law shall be treated as neither a supply of goods nor a supply of services where—

- (a) the supply to its members relates to its aims and objectives and available without payment other than a membership subscription and the value of the supply is nominal; or
- (b) the supply to a donor or sponsor has no commercial value.

Supplies excluded from any credit

4. Where the whole or any part of tax charged on any supply or importation of goods is excluded from any credit under subsection 38(12), the subsequent supply of the same goods shall be treated as neither a supply of goods nor a supply of services.

Supply of goods or services under Islamic financial arrangement

5. Where any person makes a supply of goods or services under an Islamic financial arrangement, any supply made in such arrangement other than the provision of financing shall be treated as neither a supply of goods nor a supply of services.

Insurance indemnity settlement

6. Any supply of goods between an insurer or takaful operator and an insured in the course of settling a claim under the insurance policy or takaful contract shall be treated as neither a supply of goods nor a supply of services.

Diplomatic and consular services

7. Any supply of diplomatic or consular services by a foreign mission shall be treated as neither a supply of goods nor a supply of services.