

DCM (Optical Holdings) Ltd (Appellant) v Commissioners for His Majesty's Revenue and Customs (Respondent) (Scotland)

Case ID: 2021/0020

Case summary

Issue

- (1) Were tax assessments made by HMRC in 2005 made out of time and therefore time barred?
- (2) Do HMRC have an implied power to refuse to accept a sum claimed by a taxpayer by way of input tax?

Facts

DCM is a company primarily supplying glasses, but also providing eye tests and dispensing other optician services. The supply of frames and lenses for glasses is subject to VAT, however eye tests and services are not.

DCM has for a number of years challenged the amount of tax charged to it by HMRC. The present appeal concerns output tax, which is the tax which a taxable person must charge on non-exempt supplies of goods or services to customers. A range of issues have arisen, but this appeal concerns firstly whether assessments made in 2005 by HMRC of DCM's tax liability were made out of time and were therefore time barred, and secondly whether HMRC have an implied power to refuse to accept a sum claimed by a taxpayer by way of input tax (i.e. the tax charged to them when purchasing goods or services).

The First-tier Tribunal held that HMRC's 2005 assessments were not time-barred and that it could refuse a taxpayer's input tax claim. The Upper Tribunal refused the appeal on the input tax issue but allowed it on the timebar issue. The Inner House overturned the Upper Tribunal's decision on the timebar issue but upheld it on the input tax issue.

The Inner House of the Court of Session granted DCM permission to appeal to the Supreme Court.

Judgment appealed

[\[2020\] CSIH 60](#)

Parties

Appellant(s)

DCM (Optical Holdings) Ltd

Respondent(s)

Commissioners for His Majesty's Revenue and Customs

Appeal

Justices

Lord Reed, Lord Hodge, Lord Sales, Lord Hamblen, Lord Stephens

Hearing start date

8 February 2021

Hearing finish date

8 February 2021

Watch hearing

8 Feb 2022 [Morning session](#) [Afternoon session](#)

Judgment details

Judgment date

12 October 2022

Neutral citation

[2022] UKSC 26