



1 September 2010

Rt Hon Danny Alexander MP
Chief Secretary to the Treasury
HM Treasury
Horse Guards Road
LONDON SW1A 2HQ

Dear Mr Alexander

Increase in VAT Rate to 20%

Many sports clubs are subject to the VAT partial exemption rules whereby if exempt input tax in any year is less than £7,500 it can all be reclaimed but if it exceeds this limit then it is all lost. With the increase in the VAT rate to 20% in January 2011, many small clubs will find it difficult to keep below the limit and will have to find additional funds for VAT.

Most golf clubs are currently experiencing severe financial difficulty due to the effects of the recession causing reducing numbers of members and visitors. There is a real danger that some clubs will not survive the current recession and will be lost forever.

The limit of £7,500 has not changed for at least 15 years to our knowledge so many more clubs are already suffering irrecoverable VAT due to inflation over this period. With the forthcoming increase in the VAT rate there is a strong case for the limit to now be increased so that at least the status quo is maintained. An increase to £10,000 for example, would still leave it well below the equivalent level of 15 years ago, but would go some way to offsetting the impact of changes over time and specifically from January next year.

We urge you to increase the threshold in order to provide some relief to sports clubs which are already struggling to survive the recession.

Yours sincerely

Hamish Grey
Chief Executive