UPDATED 6 JUNE 2011

VAT Update on Visitor Fee Income Tribunal Case

Bridport & West Dorset Golf Club has won its case at the First-Tier Tribunal, successfully arguing that Visitor Fee Income received by Members' Clubs is exempt from VAT and not standard rated (as viewed by HMRC). The full detail of the decision has not yet been published and HMRC has 56 days in which to lodge an appeal. **As such, clubs should continue to account for VAT on visitor green fee income until it has been confirmed whether HMRC is going to appeal the decision or not.**

Does this Affect your Club?

Many Clubs have submitted claims to HMRC and are well aware of this case, others did not. These claims were required to be submitted to HMRC prior to 1 April 2009 in order that the claim could include the period from 1990 to 1996 in addition to the immediately preceding 3 years (2006 to 2009). If your Club did not submit a claim then, it may still do so now, however, it can only submit a claim for the immediately preceding 4 years. (Note – in March 2009 claims could only be submitted for the immediately preceding 3 years, this has now changed to 4 years).

It is not automatic that a Club would be financially better off submitting a claim as the peculiarities of Partial Exemption mean that depending on your Club's specific circumstances the amount of Output VAT potentially over paid by your Club may be less than the Input VAT that your Club has over claimed. If a Club has not submitted a claim and thinks it may be beneficial to do so it may be prudent to await the details of the decision of the First-Tier Tribunal before undertaking this work as it is a fairly time consuming exercise. However, we recommend that you discuss this with your accountant or VAT advisor if you have one.

Implications of the Decision by the First-Tier Tribunal for your Club

There are now two possible outcomes:

1. HMRC do not appeal the decision resulting in VAT liability of Visitor Fee Income being deemed to be exempt. Although this will result in a windfall if you submitted a claim to HMRC and asked to be stood behind the Bridport case there are a number of potential implications for Clubs. We are currently liaising with our own VAT advisors to ensure a concise summary of these implications will be available on our website as soon as the detailed decision is released;

2. HMRC appeals the decision. Again a summary of the implications of this decision will be available on our website taking into account the specific circumstances of the decision and also the appeal.

If you wish to discuss this Tribunal Case further we suggest you contact a suitably qualified professional VAT advisor such as Gary Moore of VAT Services (Scotland) Ltd on 0141 636 9353 or 07812 061582 who has helped us produce this notice. VAT Services (Scotland) is a firm of VAT Advisors who have submitted claims for 29 Golf Clubs and have advised that there would be no charge for any initial consultation.

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