

### **Treatment of advance booking charges - Court of Appeal decision in Bookit Ltd**

The case concerns the treatment of the services of arranging advance bookings for cinema seats by telephone or the internet. Bookit Ltd charges an administration fee of 50p per ticket with a maximum of £2. HMRC issued a ruling that these fees were standard-rated.

The Court of Appeal held that Bookit Ltd's supplies of credit and debit card handling services to customers buying advance cinema tickets **do** amount to exempt services under Art 13B(d)(3)EC Sixth VAT Directive. The service it supplied to the customer constituted a transaction concerning a payment, it was separately remunerated and it was not performed as agent or subcontractor of the customer, the cinema operator or Girobank.

*Financial services intermediaries and businesses who have subsidiaries carrying out similar functions will be interested in the Court's decision. It may have particular relevance for outsourcing transactions and for retailers.*

[Link to case report](#)