

**News Update 25.01.2006**  
**Hotel delegates and Luxembourg 8<sup>th</sup> Directive refunds**

**Hotel Conference / Function Facilities – Revised VAT treatment**

Customs have announced that they have changed their interpretation of the law on the VAT treatment of hotel conference/function facilities. The change will affect the liability of supplies of rooms by hotels that are to be used for meetings, conferences or similar functions. In essence the change predominantly affects the provision of conference/function room hire, meals and sleeping accommodation being provided under the 24 hour “delegate rate” where, even if made in return for an inclusive charge should now be treated as separate supplies. HMRC state that they will regard the whole supply as taxable with the exception of the conference / function room hire which will be an exempt supply unless the hotel has opted to tax their land/buildings.

Customs advised that the change should be implemented from 19<sup>th</sup> January 2006 (the date of the Business Brief) but there is no requirement to make adjustments in respect of supplies made prior to this date. Establishments who wish to make a claim to HMRC for a repayment of output tax incorrectly paid are allowed to do so subject to the stipulations indicated within the Business Brief.

The end result of the change of interpretation by Customs is that some hotels and persons hiring out rooms to third parties will be making exempt supplies with the result that they should be aware of the partial exemption implications for doing this in the future, unless they opt to tax their supplies.

**Eighth Directive refunds: Luxembourg (C-90/05)**

Infraction proceedings were brought against Luxembourg for failing to make EC Eighth Directive refunds within the stipulated six month period, and for failing to pay interest on the delayed payments. Following the ECJ ruling, any business that has suffered delays in receiving repayments from Luxembourg may now wish to consider claims for interest payable on the delayed amounts.