

**Re-write of charity VAT notice 701/1
New guidance on challenge events**

HMRC have re-written notice 701/1. Charities will no doubt welcome the guidance from HMRC on challenge events, which have become a very popular way of getting fit, making friends, and raising money for worthwhile causes. However, there is no denying the VAT accounting for these events can be complex as it can be difficult to identify the values of payments for supplies as opposed to straight donations, and the status of the charities (principal or agent) also has an impact. If you have run events like this in the past it may be worth checking that you have not overpaid VAT and that you have recognised the taxable business income in your VAT recovery calculations. It is perhaps surprising that HMRC have not included guidance on the latest initiative adopted by many charities with shops, namely arrangements whereby gift aid can be claimed on money raised from the sale of goods in the shops.