

**VAT treatment of club membership**  
*The Camping & Caravanning Club (20679)*

**Summary**

Although the Appellant does have some outward-facing 'philanthropic' aims and objectives, its activities are primarily the provision of leisure facilities to its members; therefore the Tribunal rejected its argument for exempt VAT treatment of membership subscriptions. All membership bodies should be careful to ensure the correct VAT treatment of subscription income.

**Background**

The Appellant is a camping and caravanning club and operates camp sites for use by members and non-members. It is a company limited by guarantee and a non-profit making members' organisation but not a registered charity. It has a regional and district structure, and members are required to pay an annual subscription.

The dispute concerned whether the Appellant's supplies to its members in return for the subscription were exempt from VAT because, as the Appellant argued, its aims and the services which it supplied to its members were of a philanthropic nature for the purposes of item 1 (e), Group 9, Schedule 9 of the VAT Act 1994:

"1. The supply to its members of such services and in connection with those services of such goods as are both referable only to its aims and available without payment other than a membership subscription by any of the following non-profit making organisations -

(e) a body which has objects which are in the public domain and are of a political, religious, patriotic, philosophical, philanthropic or civic nature".

The Appellant submitted a voluntary disclosure of VAT overpaid to HMRC on the basis that it had taxed membership fees which should have been exempt. HMRC rejected the voluntary disclosure.

**Decision**

The Tribunal found that, in essence, of the Appellant's 18 principal aims and activities, three were intended to educate people about the countryside, to develop self reliance and promote physical health, and to promote international goodwill and understanding through the medium of camping and kindred activities; six were concerned with various aspects of camping and protecting the interests of campers; and the remainder were statements of powers which the Appellant could exercise in achieving its objectives.

The first three of these were of a philanthropic nature but they were widely drawn and, whilst the Tribunal agreed that the Appellant and its members were unquestionably responsible for some philanthropic works, the Appellant had not produced evidence of the effects of its activities in the fields of education, health and international relations.

After carefully examining the evidence concerning the actual activities of the Appellant, the Tribunal held that those three aims and objectives were actually subordinate to the provision of camping sites for its members and keeping its members satisfied with those sites. Those were leisure activities and not of a philanthropic nature, and the appeal therefore had to be dismissed.

**Implications**

This is the second recent Tribunal case concerning the VAT liability of membership subscriptions for the purposes of Item 1, Group 9, Schedule 9. Membership bodies should carefully consider how subscriptions are treated, including not only the VAT liability but also whether, for example, membership benefits could be apportioned to take into account any printed matter which could be zero-rated under Extra Statutory Concession 3.35 and possibly entitle the body to input VAT recovery.

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