

### **Business entertaining – VAT repayment opportunity**

***Readers should already be aware that any extended VAT reclaims must be made by 31st March 2009.***

As a result of a recent ECJ decision, businesses may be able to add the recovery of foreign business entertaining to their claims.

When VAT was first introduced you could recover as input tax, any VAT incurred on entertaining foreign customers, etc. From 1st August 1988 the rules changed in the UK and all business entertaining was deemed to be irrecoverable.

As a result of the case, VAT on entertaining overseas businesses is potentially recoverable from 31 December 1997 back to 1 August 1988.

A further opportunity arises in that VAT incurred for business purposes rather than pure entertaining is also potentially recoverable. This would be where for example a business meeting took place during which lunch was provided and VAT was subsequently blocked.

Finally, some businesses provided accommodation for directors instead of using a hotel and HMRC denied them the recovery of VAT on the costs. This is incorrect.

Even though HMRC have yet to comment on how it will apply the decision, it is imperative that if you are in the situations described above that you put in a claim.

Please contact 4 Eyes Ltd if you require any help in this.

If you would like to discuss any of the issues arising in this update, please call or email Phillip Henwood +447793 707 839 / [phenwood@4eyesltd.co.uk](mailto:phenwood@4eyesltd.co.uk)

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