

### **VAT exemption for sport-related services – HMRC revises policy**

*Revenue & Customs Brief 15/10 announces that, with effect from 1 September 2010, HMRC will implement the ECJ's decision in Canterbury Hockey. HMRC will extend the VAT exemption for certain sporting services supplied by an 'eligible body' to situations where the supplies are made to certain organisations (e.g. clubs) rather than directly to the individuals taking part in sport. This will include, for example, affiliation fees charged by sports' governing bodies to member clubs. HMRC invites claims for overpaid VAT by bodies which elect to apply the exemption retrospectively, subject to the usual rules on time limits and unjust enrichment.*

In the 2008 case of Canterbury Hockey Club and Canterbury Ladies Hockey Club (C-253/07), the ECJ held that the exemption for sport-related services extended not only to supplies to individuals, but also to certain supplies to corporate and non-incorporated eligible bodies making sporting facilities available to their members.

Revenue & Customs Brief 15/10, available on HMRC's website via this [LINK](#), announces that HMRC intends to apply this revised interpretation of the legislation mandatorily with effect from 1 September 2010. Eligible bodies which have declared VAT on those services are invited, should they so choose, to submit claims for retrospective refunds of the overpaid VAT. However, they may choose not to do so and to continue to tax their supplies until 31 August 2010.

#### ***Comment***

All affected bodies will have to consider their output VAT position, as this policy applies not only to affiliation fees but also to other supplies (HMRC suggests that letting of facilities may be affected) and may be further complicated if, for example, they charge fees which cover not only exempt affiliation fees but also supplies such as zero-rated newsletters.

The eligible bodies will also have to consider their input VAT recovery position, which may be affected by increased amounts of exempt income. The customers of eligible bodies which choose to continue charging 'VAT' on such supplies should also consider how their right to recover that 'VAT' is affected by this Brief.

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