



Title of Report:	Leisure VAT Claim
Committee Report Submitted To:	Finance Committee
Date of Meeting:	9 November 2023
For Decision or For Information	For information
To be discussed In Committee YES/NO	No

Linkage to Council Strategy (2021-25)	
Strategic Theme	Cohesive Leadership
Outcome	Council has agreed policies and procedures and decision making is consistent with them.
Lead Officer	Chief Finance Officer

Budgetary Considerations	
Cost of Proposal	
Included in Current Year Estimates	YES/NO
Capital/Revenue	Revenue
Code	
Staffing Costs	

Legal Considerations	
Input of Legal Services Required	YES/NO
Legal Opinion Obtained	YES/NO

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

1.1 Background

Causeway Coast and Glens Borough Council (CC&GBC) consists of 4 legacy councils that merged on 1 April 2015 into 1 council. During the tenure of the legacy Councils all Northern Ireland Councils lodged a claim against Her Majesty's Revenue and Customs (HMRC) with regards the provision of leisure related services under Article 10 of the Youth and Recreation Order 1986. These claims date from 2007 up to the present day.

1.2 Summary of claims

The table below details a summary of the claims submitted by the four legacy councils and Causeway Coast and Glens Borough Council:

Legacy Council	2007-2011	2011-2015	2015 - 2019	2019 - 2023	Total
Ballymoney	578,760.53	618,357.68	-	-	1,197,118.21
Coleraine	1,940,999.68	1,835,264.23	-	-	3,776,263.91
Limavady	341,370.00	317,096.32	-	-	658,466.32
Moyle	236,925.19	255,920.00	-	-	492,845.19
CCAG	-	-	3,685,564.95	1,623,556.29	5,309,121.24
Total	3,098,055.40	3,026,638.23	3,685,564.95	1,623,556.29	11,433,814.87

1.3 Decisions

The claim was initially heard by a tribunal with the initial decision being in favour of the Councils, HMRC appealed this decision, again at tribunal level, and won the appeal. The Councils then jointly decided to take the case to the Court of Appeal but before the case could be heard HMRC conceded the case on the basis of a circular RCB 03/23 (attached as an appendix to this report).

1.4 VAT Notice 701/45

HMRC have also relied upon the above detailed notice (attached as an appendix) to determine what may or may not be included in our claims, it should be noted that Article 10, under which our claims were made, has a much wider remit than this notice. If Councils accept this notice to be the basis of our claims then certain activities would be excluded from those claims, for Causeway Coast and Glens Borough Council the notable activities would be Caravan parks, Marinas and Arts and Culture Centres.

1.5 Revised Summary of Claims

The tables below demonstrates Council's potentially adjusted claim taking the above into account:

Legacy Council	Total	Caravan/Marina/etc VAT				Total	Adjusted Claim
		2007-2011	2011-2015	2015-2019	2019-2023		
Ballymoney	1,197,118.21	79,521.63	90,592.78	-	-	170,114.41	1,027,003.80
Coleraine	3,776,263.91	1,308,503.09	1,253,933.47	-	-	2,562,436.56	1,213,827.35
Limavady	658,466.32	70,490.00	-	-	-	70,490.00	587,976.32
Moyle	492,845.19	206,527.29	202,442.78	-	-	408,970.07	83,875.12
CCAG	5,309,121.24	-	-	2,046,137.47	317,144.15	2,363,281.62	2,945,839.62
Total	11,433,814.87	1,665,042.01	1,546,969.03	2,046,137.47	317,144.15	5,575,292.67	5,858,522.20
						48.76%	

1.6 Implementation

Council officers are currently in communication with HMRC officials to finalise the claim. Another issue that has yet to be addressed is when Council intends to implement revised VAT rates for the services involved, at present the suggestion is 1 April 2024 but that has yet to be agreed by both HMRC and Council, Council will need time to update all of its point of sale systems for the changes in advance of any subsequently agreed date. The final issue is the recovery of VAT overpaid during the current year both in terms of calculation and process.

[Home](#) > [Revenue and Customs Brief 3 \(2023\): changes to VAT treatment of local authority leisure services](#)

[HM Revenue
& Customs](#)

Policy paper

Changes to VAT treatment of local authority leisure services

Published 3 March 2023

Contents

[Purpose of this brief](#)

[Who needs to read this](#)

[Background](#)

[Impact on local authorities](#)

[More information](#)



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at <https://www.gov.uk/government/publications/revenue-and-customs-brief-3-2023-changes-to-vat-treatment-of-local-authority-leisure-services/changes-to-vat-treatment-of-local-authority-leisure-services>

Purpose of this brief

This brief explains a change in the VAT treatment of leisure services provided by local authorities.

Who needs to read this

You should read this brief if you are a local authority.

Background

Local authorities are currently treated as undertaking a business activity if they provide leisure services to members of the public.

This treatment is based on the understanding that when local authorities provide leisure services they are not acting as a public authority. A local authority acts as a public authority when they're carrying out their statutory public interest activities for the service of the community.

This treatment was challenged by a number of local authorities and the matter was considered by the courts.

This litigation has now concluded. The courts have found that local authorities' leisure services are provided under a statutory framework and can be treated as non-business for VAT purposes.

The relevant cases are:

- Midlothian Council v HMRC [2020] UKFTT 433 (TC)
- Mid-Ulster District Council v HMRC [2020] UKFTT 434 (TC)
- HMRC v Mid-Ulster District Council [2022] UKUT 00197 (TCC)
- HMRC v Chelmsford City Council [2022] UKUT 00149 (TCC)

Before a public body, such as a local authority, can treat a supply as non-business it must be shown that this treatment would not significantly affect competition.

HMRC has conducted a detailed analysis of the leisure services sector. We have found that allowing local authorities to treat their supplies of leisure services as non-business would not significantly affect competition.

Impact on local authorities

Local authorities that provide in-house leisure services to members of the public currently treat these supplies as business activities for VAT purposes and either:

- charge their customers VAT at the standard rate
- apply the exemption

Local authorities can now revisit this position and apply the non-business treatment to their supplies of leisure services. They can also submit claims to HMRC.

If you've previously submitted a claim, you need to review and resubmit this with supporting evidence. This is to reduce the delay in authorising repayments.

If you've made a claim for overpaid output tax, you must only include the VAT paid in relation to leisure services.

You should send your claim to: lasector.mailbox@hmrc.gov.uk. You should include '2023 LA VAT non-business' in the subject line of your email.

More information

Any other income received by a local authority is not affected by this change. For example, this includes income from supplies of:

- catering
- adult or children's clothing
- water bottles
- sporting goods
- items from vending machines
- car parking
- sporting lets or other sporting activities previously treated as exempt

Find more information about [how to correct VAT errors and make adjustments or claims \(VAT Notice 700/45\)](https://www.gov.uk/guidance/how-to-correct-vat-errors-and-make-adjustments-or-claims-vat-notice-70045) (<https://www.gov.uk/guidance/how-to-correct-vat-errors-and-make-adjustments-or-claims-vat-notice-70045>).

[↑ Back to top](#)

OGL

All content is available under the [Open Government Licence v3.0](#), except where otherwise stated

[© Crown copyright](#)

[Home](#) > [VAT](#)

Guidance

Sport supplies that are VAT exempt (VAT Notice 701/45)

Check which supplies of sport, physical recreation, and physical education services qualify for exemption from VAT.

From: [HM Revenue & Customs \(/government/organisations/hm-revenue-customs\)](#)

Published 2 August 2011

Contents

- — [Details](#)
- — [1. Overview](#)

Related content

[Clubs and associations' VAT responsibilities \(VAT Notice 701/5\)](#)

- — [2. An overview of the exemption for sporting and physical education services](#)
- — [3. Sporting services exempt from VAT](#)
- — [4. Eligible body](#)
- — [5. Commercial influence](#)
- — [6. Exemption for competitions in sport and physical recreation](#)
- — [7. Legal provisions referred to in this notice](#)
- — [Your rights and obligations](#)
- — [Help us improve this notice](#)
- — [Putting things right](#)
- — [How HMRC uses your information](#)

[\(/guidance/clubs-and-associations-vat-responsibilities-notice-7015\)](/guidance/clubs-and-associations-vat-responsibilities-notice-7015)

[Animals and animal food \(VAT Notice 701/15\) \(/guidance/animals-and-animal-food-notice-70115\)](/guidance/animals-and-animal-food-notice-70115)

[Tour Operators Margin Scheme \(VAT Notice 709/5\) \(/guidance/tour-operators-margin-scheme-for-vat-notice-7095\)](/guidance/tour-operators-margin-scheme-for-vat-notice-7095)

[Welfare services and goods \(VAT Notice 701/2\) \(/guidance/welfare-services-and-goods-notice-7012\)](/guidance/welfare-services-and-goods-notice-7012)

[The VAT treatment of passenger transport \(VAT Notice 744A\) \(/guidance/the-vat-treatment-of-passenger-transport-notice-744a\)](/guidance/the-vat-treatment-of-passenger-transport-notice-744a)

Collection

[VAT notices in numerical order \(/government/collections/vat-notice-numerical-order\)](/government/collections/vat-notice-numerical-order)

[VAT notices in alphabetical order \(/government/collections/vat-notice-alphabetical-order\)](/government/collections/vat-notice-alphabetical-order)

Details

This notice cancels and replaces VAT Notice 701/45 Sport and physical education (August 2011). It's been updated to reflect the changes in the law with effect from 1 January 2015 relating to membership.

You must read it in conjunction with [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\) \(https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015) and the section on sports facilities and physical recreation in [Land and property \(VAT Notice 742\) \(https://www.gov.uk/guidance/vat-on-land-and-property-notice-742\)](https://www.gov.uk/guidance/vat-on-land-and-property-notice-742).

1. Overview

1.1 What this notice is about

This notice describes which supplies of sport, physical recreation, and physical education services qualify for exemption from VAT. It explains the scope of the exemption from VAT for:

- certain sporting and physical education services supplied by 'eligible bodies' and details how it works in practice
- competition entry fees and how it works in practice for promoters of competitions in sport and physical recreation

1.2 The law covering this exemption

The legal provisions covering this exemption are in the:

- VAT Act 1994, Schedule 9, Group 10 as amended by the Value Added Tax (Sport) Order 2014 (SI 2014/3185)
- Income Tax (Earnings and Pensions) Act 2003 and the Corporation Tax Act 2010 which are cross-referred to in Group 10

1.3 Where to find more information on the exemption for fund-raising events

You can find more information in [Charity fundraising events: exemptions \(https://www.gov.uk/government/publications/charity-fundraising-events-exemptions\)](https://www.gov.uk/government/publications/charity-fundraising-events-exemptions).

2. An overview of the exemption for sporting and physical education services

2.1 What the exemption covers

The exemption covers:

- certain sporting and physical education services by eligible bodies (see [section 3](#) and [section 4](#))
- entry to certain competitions in sport or physical recreation (see [section 6](#))

2.2 How the exemption has changed

From 1 January 2000 the exemption for sporting services which was available to all non-profit-making bodies was restricted to supplies by eligible bodies. The term eligible body is explained in [section 4](#), but, in summary, an eligible body must:

- be non-profit-making
- have in its constitution restrictions on the distribution of profits
- not be subject to either commercial influence or part of a wider commercial undertaking

Commercial influence is explained in [section 5](#) but you are likely to be subject to the commercial influence test if, within the 3 years preceding the relevant sports supply, you either:

- paid a salary or bonus calculated by reference to profits or gross income to anyone who was an officer or a shadow officer of the club, or was connected with such an officer
- bought certain goods or services (called 'relevant supplies') from anyone, who was:
 - an officer or shadow officer of the club
 - acting as an intermediary between the club and the officer

- or connected with any such person

2.3 Incurring VAT on goods and services you buy in

There are no special rules on goods and services supplied to sports bodies. If your club is not a charitable body it will not qualify for the reliefs available to charities described in [How VAT affects charities \(VAT Notice 701/1\)](https://www.gov.uk/guidance/how-vat-affects-charities-notice-701/1) (<https://www.gov.uk/guidance/how-vat-affects-charities-notice-701/1>), [Goods or services supplied to charities \(VAT Notice 701/58\)](https://www.gov.uk/guidance/goods-or-services-supplied-to-charities-notice-701/58) (<https://www.gov.uk/guidance/goods-or-services-supplied-to-charities-notice-701/58>) or [VAT Notice 708: buildings and construction](https://www.gov.uk/government/publications/vat-notice-708-buildings-and-construction) (<https://www.gov.uk/government/publications/vat-notice-708-buildings-and-construction>).

Even if you are a charitable body that is also an eligible body, your club will be charged VAT on most goods and services you buy in, including building work such as the construction of pavilions, clubhouses and facilities for playing sport.

[Paragraph 2.5](#) explains that you might not be able to reclaim all or any of the VAT you incur. We strongly suggest that you budget for any irrecoverable VAT when considering your future expenditure, particularly when undertaking major projects. Applications for grants (such as those funded by the National Lottery) should take account of any irrecoverable VAT.

2.4 Reclaim the VAT you incur on non-business activities as input tax

You may incur VAT on goods or services you will use wholly for the purpose of a non-business activity (see [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-701/5) (<https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-701/5>)). This VAT is not input tax and you cannot reclaim

it. This is because such activities are outside the scope of VAT and you do not have to account for output VAT on them.

If goods or services are bought partly for business and partly for non-business purposes you must apportion the VAT you incur to reflect the amount attributable to your business activities. This is the amount you can reclaim.

Since 1 January 2011 the option of Lennartz accounting for the buying of goods used for business and non-business purposes has ceased. This is described in The Finance (No 3) Act 2010.

For further information see [VAT guide \(VAT Notice 700\)](https://www.gov.uk/guidance/vat-guide-notice-700) (<https://www.gov.uk/guidance/vat-guide-notice-700>).

2.5 Reclaim the VAT you incur on business activities as input tax

As a VAT-registered business, you are entitled to deduct the input tax incurred on costs that you use or intend to use in making taxable supplies. You cannot normally deduct input tax incurred on costs that relate to exempt supplies that you make. If your input tax relates to both taxable and exempt supplies, you can normally deduct only the amount of input tax that relates to your taxable supplies, subject to certain de minimis rules.

3. Sporting services exempt from VAT

This section describes when sporting and physical education services are exempt from VAT.

3.1 Basic conditions

Your organisation's services are exempt only when all the following conditions are met.

Condition	Description	Further information
1	Your organisation engages in activities included within the meaning of 'sports and physical education'	paragraph 3.2
2	It supplies services that are closely linked with and essential to sport or physical education	paragraph 3.3
3	It supplies services to an individual, and	paragraph 3.4
4	It is an eligible body	section 4

If you let facilities for playing any sport or for taking part in any physical recreation, you may be supplying an interest in, a right over, or a license to occupy land. These supplies are normally standard-rated. But if the let is for more than 24 hours or is for a series of 10 or more sessions, subject to conditions, then, your supply may be exempt. For more information see the section on sports facilities and physical recreation in [Land and property \(VAT Notice 742\)](#) (<https://www.gov.uk/guidance/vat-on-land-and-property-notice-742>).

3.2 Sports and physical education activities which qualify for exemption

Activities

Aikido	Gymnastics	Roller Hockey
American Football	Handball	Roller Skating
Angling	Hang or Para Gliding	Rounders
Archery	Highland Games	Rowing
Arm Wrestling	Hockey	Rugby League
Association Football	Horse Racing	Rugby Union
Athletics	Hovering	Sailing or yachting (includes canal cruising)
Badminton	Hurling	Sand and Land Yachting
Balloonng	Ice Hockey	Shinty
Baseball	Ice Skating	Shooting
Basketball	Jet Skiing	Skateboarding
Baton Twirling	Jiu Jitsu	Skiing
Biathlon	Judo	Skipping

Activities

Bicycle Polo	Kabaddi	Snooker
Billiards	Karate	Snowboarding
Bobsleigh	Kendo	Softball
Boccia	Korfball	Sombo or Sambo Wrestling
Bowls	Lacrosse	Squash
Boxing	Lawn Tennis	Stoolball
Camogie	Life Saving	Street Hockey
Canoeing	Luge	Sub-Aqua
Caving	Modern Pentathlon	Surf Life Saving
Chinese Martial Arts	Motor Cycling	Surfing
Cricket	Motor Sports	Swimming
Croquet	Mountaineering	Table Tennis
Crossbow	Movement and Dance	Taekwondo
Curling	Netball	Tang Soo Do

Activities

Cycling	Octopush	Tchoukball
Dragon Boat Racing	Orienteering	Tenpin Bowling (includes skittles)
Dance	Parachuting	Trampolining
Darts	Petanque	Triathlon
Equestrian	Polo	Tug of War
Exercise and Fitness	Pony Trekking	Unihoc
Fencing	Pool	Volleyball
Field Sports	Quoits	Water Skiing
Fives	Racketball	Weightlifting
Flying (includes those model flying activities, in which competence is dependent on physical skill or fitness)	Rackets	Wrestling
Gaelic Football	Racquetball	Yoga
Gliding	Rambling	
Golf	Real Tennis	

If an activity is not included on this list you can write to the [VAT enquiries team](https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries) (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries>) with full details of the activity and we will consider whether the activity is a sport within the meaning of the sports exemption.

3.3 Services closely linked with, and essential to, sport or physical education

3.3.1 General

The following are considered to be supplies closely linked with and essential to sport or physical education:

- playing, competing, refereeing, umpiring, judging, coaching or training (but not attending as a spectator or involvement in administration)
- use of changing rooms, showers and playing equipment together with storage of equipment essential to the sporting activity
- match fees charged by an eligible body for use of the playing facilities
- mooring, hangarage and use of workshop facilities (but not the use of parts, or the services of an engineer)

3.3.2 Sports coaching

Sports coaching by professionals is not within the exemption as it is not supplied by an eligible body, see [section 4](#).

But such coaching may fall within the scope of VAT exemption for education. [Education and vocational training \(VAT Notice 701/30\)](https://www.gov.uk/guidance/vat-on-education-and-vocational-training-notice-70130) (<https://www.gov.uk/guidance/vat-on-education-and-vocational-training-notice-70130>), gives more information on coaching and tuition.

3.3.3 If you're a self-employed referee and registered for VAT

Your supply is not exempt from VAT because you're not an eligible body, see section 4.

3.3.4 How to treat match fees covering more than the use of playing facilities

Where the match fees you charge cover a share of pitch hire (for example), catering (standard-rated) and transport (zero-rated) you should consider the rules concerning transactions which cover more than one element and also distinguish between single and multiple supplies, as explained in [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015) (<https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015>). You may have to apportion the fees in accordance with the guidance in [VAT guide \(VAT Notice 700\)](https://www.gov.uk/guidance/vat-guide-notice-700) (<https://www.gov.uk/guidance/vat-guide-notice-700>).

3.3.5 Services that are specifically excluded from exemption

These are services that are specifically excluded from exemption, supplies of:

- residential accommodation, but this may fall within the exemption for supplies of land, see [Hotels and holiday accommodation \(VAT Notice 709/3\)](https://www.gov.uk/guidance/hotels-holiday-accommodation-and-vat-notice-7093) (<https://www.gov.uk/guidance/hotels-holiday-accommodation-and-vat-notice-7093>)
- catering, this is standard-rated, see [Catering, takeaway food \(VAT Notice 709/1\)](https://www.gov.uk/guidance/catering-takeaway-food-and-vat-notice-7091) (<https://www.gov.uk/guidance/catering-takeaway-food-and-vat-notice-7091>)
- transport, but this may qualify for zero rating, see [The VAT treatment of passenger transport \(VAT Notice 744A\)](https://www.gov.uk/guidance/the-vat-treatment-of-passenger-transport-notice-744a) (<https://www.gov.uk/guidance/the-vat-treatment-of-passenger-transport-notice-744a>)

3.4 Who you must supply your services to

To qualify for exemption, you must be an eligible body, see [section 4](#) and supply your services to individuals taking part in the activity.

3.4.1 What the term individual means

For the purposes of this exemption, an individual is a person who actually takes part in the sporting or physical education activity and this includes:

- family groups
- informal groups, where one individual makes a booking on behalf of a group of users of the sporting facilities
- corporate persons and unincorporated associations, provided that the supplies are closely linked and essential to sport, that they are supplied by non-profit making organisations and that the true beneficiaries are individuals taking part in sport

Where a corporate body buys a golf day or similar for its own purposes such as to entertain its staff or guests, this is not a supply made to individuals but a supply to the corporate body for its own benefit and the corporate body is the true beneficiary of the sporting services.

Such supplies by non-profit making members' golf clubs or members' sports clubs do not qualify for the exemption and are therefore standard-rated for VAT purposes.

But if the employees of a company buy a golf day or similar and largely meet the cost themselves, for example, through a social club, the supply is made to those individuals. This applies even where there is a small subsidy from the company and even if the invoice is received by the company, provided there is only a limited and ancillary benefit to the company through its contribution. In those limited circumstances, the non-profit making

members' golf or sports club can exempt the supplies as supplies made to individuals.

Additionally, situations may arise where an unincorporated golf society (as distinct from a golf club) buys a golf day at another golf club on behalf of its members. In such cases, that's considered to be a supply to the individual members of the golf society, rather than to the unincorporated society itself.

Supplies for the benefit of individuals under the Tour Operators' Margin scheme

Where a sports club supplies the use of sporting facilities to an individual taking part in sport as a result of an agreement with a travel agent or tour operator, the supplies can be treated as exempt supplies in the following circumstances, the:

- golf or sports club directly invoices their supply to each individual taking part in the sporting activities (in situations where the travel agent or tour operator acts only as an intermediary in arranging the supply)
- sports club supplies the use of sporting facilities to a tour operator for supply to an individual or sports club under the Tour Operators' Margin Scheme (TOMS)

In these situations, the supplies are treated as exempt for VAT purposes as long as the golf or sports club is an eligible body.

Other supplies to businesses are not treated as being for the direct benefit of the individual and are standard-rated for VAT purposes.

3.4.2 The VAT liability of various sporting services

The following table applies the meanings of terms used in paragraphs [3.3](#) and [3.4](#) to show the VAT liability of various services when supplied by

eligible bodies. For a full explanation of the term eligible body see [section 4](#).

Nature of service	VAT liability
Use of changing rooms, showers and playing equipment, trolley and locker hire, and storage of equipment essential to sport	Exempt
Provision of playing area for example, court, pitch or green fees	Exempt
Use of multi-sport playing facilities	Exempt
Refereeing, umpiring, judging and coaching services	Exempt (this excludes supplies by a self-employed referee, golf professional, see sub-paragraph 3.3.3)
Membership subscriptions and joining fees covering active participation in sport	Exempt, subject to sub-paragraphs 3.5.1 and 3.5.9
Social or non-playing membership subscriptions	Standard-rated
Fee for remaining on waiting list for membership	Standard-rated or Exempt, see sub-paragraph 3.5.3
Admission charges for spectators	Standard-rated

Nature of service	VAT liability
Use of residential accommodation	Standard-rated, subject to sub-paragraph 3.3.5
Use of transport	Standard-rated, subject to sub-paragraph 3.3.5
Catering, bars, gaming machines and social functions	Standard-rated
Match fees for the use of playing facilities	Exempt, subject to sub-paragraph 3.3.4
Match fees covering the cost of catering and transport	Standard-rated, subject to sub-paragraph 3.3.5
Mooring, hangarage and use of workshops (but not the use of parts or services of an engineer)	Exempt
Parking	Standard-rated
Buggy hire	Standard-rated
Sponsorship income	Standard-rated

3.5 Subscriptions and other payments

3.5.1 Subscription qualifying for exemption

The subscription is a type of payment received in return for supplies of sporting services. The subscription is exempt if the services, that is the benefits, facilities and advantages of membership, meet the conditions shown at [paragraph 3.1](#).

3.5.2 Joining fees

Joining fees qualify for exemption where the benefits you supply in return are the same as for the subscription and the subscription is itself exempt. But if the joining fee entitles the member to different benefits, you must, where appropriate, account for VAT based on the liability of those benefits.

3.5.3 Waiting lists

A charge to be placed on a waiting list is exempt if it's both:

- deducted from the new member's first subscription or entrance fee, and the subscription or fee itself will qualify for exemption
- refundable in the event that the candidate fails to become a member for any reason, including voluntary withdrawal

In all other circumstances the fee is consideration for the right to be on the waiting list and is standard-rated.

3.5.4 Life membership subscriptions

Life membership subscriptions are exempt if the subscription entitles the member to playing services for life and the annual subscription is exempt.

3.5.5 Supplies to social and non-playing members

Supplies to social and non-playing members are not exempt. Payments, including subscriptions, for social and non-playing membership of a sports

club are consideration for standard-rated services.

3.5.6 Social clubs

Social facilities you supply to your members in return for their subscription are standard-rated. If you also supply zero-rated benefits (for example, a magazine for members) and exempt benefits (for example, use of sporting facilities such as pool or snooker tables) in return for your subscription, you must consider the correct treatment of your supply under the terms of [sub-paragraph 3.5.9](#).

You should treat as exempt any additional amounts the members pay to use sports facilities such as pool or snooker tables.

If your organisation is a social club you should refer to [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\)](#) (<https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015>).

3.5.7 Artisans' golf clubs

Membership fees charged to individual members of artisans' golf clubs are exempt from VAT, as are the charges made by the host club to an artisans' golf club.

3.5.8 Leisure trusts providing all-inclusive membership schemes

Businesses that will be most affected are community leisure centres that are run by non-profit making trusts. In most cases a typical customer who buys an all-inclusive package will have access to a range of facilities at the leisure centre. VAT liability depends on the nature of the supply which has to be decided at the time the all-inclusive fee is paid. Where the supply is a single supply that would be artificial to split, there can only be one overarching liability.

In most cases, the typical consumer who buys an all-inclusive package will have access to a range of facilities at the leisure centre. Usually most of these facilities would, if supplied individually, be exempt as services closely linked with and essential to sport or physical education in which the individual is taking part, (for example, use of swimming pools, courts, pitches showers, changing rooms).

Therefore, in cases where the predominant reason for buying an all-inclusive package is to use the range of available sports facilities, the single supply is exempt.

If the predominant reason a typical consumer buys an all-inclusive package is to make use of standard-rated facilities (for example use of a sauna) the single supply is standard-rated.

3.5.9 Clubs and associations

Apportioning subscriptions covering a mixture of exempt, zero-rated or standard-rated supplies

Clubs and associations will often supply a number of different benefits in return for their subscriptions. This means they make supplies with more than one element. If your club is in this position you need to read [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015) (<https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015>) and decide whether your subscription is consideration for a single supply or consideration for a multiple supply.

If your subscription is consideration for a multiple supply under the terms of that notice and the separate elements have different liabilities you must apportion your subscription between those different elements. Brief guidance on how to apportion is shown in [Clubs and associations' VAT](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015)

[responsibilities \(VAT Notice 701/5\) \(https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015).

But in most cases there is one principal benefit or reason for joining. Other benefits supplied such as literature are less important. In these circumstances, your subscription is consideration for a single supply and its liability is determined by the liability of the main benefit. No apportionment may be made.

There is an exception for non-profit making bodies, which supply a mixture of benefits with different VAT liabilities. As a concession, these bodies may apportion their subscriptions to reflect the value and VAT liability of each individual benefit, even if they are consideration for a single supply. This is explained in more detail in [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\) \(https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015). [VAT guide \(VAT Notice 700\) \(https://www.gov.uk/guidance/vat-guide-notice-700\)](https://www.gov.uk/guidance/vat-guide-notice-700) explains apportionment and the methods that may be used.

Taking advantage of the concession

If you do wish to apportion, for example, subscriptions to cover separate benefits such as zero-rated printed matter, you must apportion all types and elements of subscriptions on a fair and reasonable basis, in other words you cannot pick and choose elements, and retrospective apportionment is not allowed.

3.5.10 How input tax is calculated in the case of subscriptions apportioned between exempt, zero-rated or standard-rated supplies

Where subscriptions are apportioned, you should attribute any VAT incurred to the individual elements on the basis which is set out in [Partial exemption](#)

[\(VAT Notice 706\) \(https://www.gov.uk/guidance/partial-exemption-vat-notice-706\)](https://www.gov.uk/guidance/partial-exemption-vat-notice-706).

For example input tax:

- directly attributable to taxable (includes zero-rated) supplies and fully recoverable will normally include that incurred on bar stock and refurbishment to the 'behind the bar' area
- attributable to both taxable and exempt supplies is 'residual input tax' and will normally include that incurred on furnishings and refurbishment on the 'front of the bar' area and clubhouses generally as well as VAT incurred on those sports facilities which are available to all participants
- directly attributable to exempt supplies and non-recoverable will normally include VAT incurred on sports facilities not available to temporary members or visitors

3.5.11 If your club issues swipe cards, vouchers and other types of payment credits

The VAT treatment of these payments and credits is described in [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015) (<https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015>).

3.5.12 Raising of capital from members by loans, levies, shares and debentures

If you require your members to make a loan, pay a levy or buy shares or debentures, by doing so they will be paying consideration, or additional consideration, for your supply of the benefits of membership, and you will have to account for VAT on the value of that consideration.

You can find more about this in [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015) (<https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015>).

3.6 Sports governing bodies

3.6.1 Exempt affiliation fees if you're a non-profit making sports governing body

You can exempt affiliation fees, but only where the fees are for services closely linked and essential to sport that they are supplied by non-profit making organisations, and that the true beneficiaries are individuals taking part in sport.

Supplies to commercial organisations should be treated as taxable since the true beneficiary of the service is unlikely to be individual taking part in the sport.

Where the affiliation fee confers a number of benefits, which individually would be liable to different VAT treatment, the advice in section 4 of [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015#sect4) (<https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015#sect4>) will help you to determine whether there is a single or multiple supply.

Where the conditions of [Extra Statutory Concession 3.35](https://www.gov.uk/government/publications/vat-notice-48-extra-statutory-concessions) (<https://www.gov.uk/government/publications/vat-notice-48-extra-statutory-concessions>) (apportionment of membership subscriptions to certain non-profit-making bodies) are met, governing bodies may continue to take advantage of the option to apportion their affiliation fees between the rates of VAT applicable to the individual elements.

But where the principal benefit is of priority purchase rights for tickets of admission to international matches or tournaments, the fee is standard-rated.

3.6.2 How your club must treat membership fees charged by a governing body

Treatment until 31 March 2018

Your club can treat membership fees charged by a governing body as disbursements for VAT purposes where the:

- affiliation fee charged by the governing body qualifies for exemption
- principal beneficiary of the services supplied by the governing body is the individual sports person
- club itemises the fee separately from its subscription or charge to the individual member or customer on its' tax invoice
- amount charged by the club to the individual member or customer does not exceed the fee charged by the governing body

Provided these conditions are met, clubs can treat the onward charge of the affiliation fee to the member or customer as outside the scope of VAT.

Treatment with effect from 1 April 2018

From 1 April 2018, the above concession is withdrawn. This means that profit-making commercial clubs can no longer treat membership fees charged by a governing body as disbursements for VAT purposes.

3.7 How disciplinary income is treated

If individuals taking part in sport break rules or are undisciplined, clubs or national associations may have the authority to fine them. Disciplinary income is not consideration for any supply to the individual paying the fines and is outside the scope of VAT.

But the activity of enforcing the club or national association rules is part of the body's business activities. Any tax on costs of providing rule enforcement and disciplinary services is therefore input tax. The ability to recover this input tax will be determined under the partial exemption rules. In particular, input tax recovery will depend on the supplies to which the disciplinary services relate, for example, affiliation fees or the right to enter competitions. You will need to determine the liability of the relevant supplies in accordance with this notice and attribute the costs correspondingly. If the costs cannot be wholly attributed to either exempt or taxable supplies you must treat it as non-attributable input tax.

4. Eligible body

4.1 An eligible body

Your organisation is an eligible body when:

- it is non-profit making
- its constitution includes a non-distribution clause or limits any distribution of profits or surpluses to:
 - another non-profit making club
 - or its members on winding up or dissolution
- it actually uses all profits or surpluses from its playing activities to maintain or improve the related facilities or the purposes of a non-profit making body
- it is not subject to commercial influence nor part of a wider commercial undertaking

The rest of the section explains how your organisation may meet the first 3 conditions and qualify as an eligible body. For the meaning of commercial

influence see [section 5](#).

4.2 How to decide whether a body is non-profit making

By looking at the body's constitution, its activities and its use of funds to determine whether it was established with a purpose, intention or motive which exclude distribution of profit or surplus by overt or covert means to those with a financial interest in it, including if a corporate body its members.

A non-distribution clause in the constitution of an organisation does not, in itself, answer this question.

4.3 Non-distribution clauses

Your organisation must include a clause in its constitution that prevents distribution of any profits and surplus or limits their distribution to either:

- another non-profit making body
- its members on winding up or dissolution

The following examples of non-distribution clauses are designed to assist you and are not mandatory.

Type of body	Examples of acceptable clauses
Unincorporated club	The club is a non-profit making organisation. All profit and surpluses will be used to maintain or improve the club's facilities. No profit or surplus will be distributed other than to another non-profit making body or to members on winding up or dissolution of the club.

Type of body	Examples of acceptable clauses
Company limited by guarantee	<p>The income and property of the company shall be applied solely towards the promotion of its objects as set forth in this Memorandum of Association and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit, to members of the company and no director of the company shall be paid by salary or fees, or receive any remuneration or other benefit in money or money's worth from the company for discharging his duties as such.</p> <p>If upon winding up or dissolution of the company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the company, but shall be given or transferred to some other institution or institutions having objects similar to those of the company.</p>

But if your organisation is a company limited by shares and formed before 1 October 2009, you will need to be familiar with the Companies Act 1985 and in particular:

- Table A (SI 1985/805) which details the Regulations for management of a company limited by shares
- Articles 102-108 which covers dividend arrangements
- Article 110 which covers capitalisation of profits
- Article 117 which covers winding up

We have accepted that the non-distribution condition will be satisfied by the passing of a resolution by the club to:

- delete Articles 102-108 and 110
- adopt a new Article preventing distributions by way of dividend, bonus and any other means

We have also accepted that adoption of Article 117 on winding up fulfils the winding-up criterion.

But if your company was formed after 1 October 2009 you will need to be familiar with the Companies Act 2006 and the Companies (Model Articles) Regulations 2008 (2008/ 3229) and in particular:

- Articles 30-35 which cover dividend arrangements
- Article 36 which covers capitalisation of profits

5. Commercial influence

Every time you make a sports supply, you must decide whether you are under commercial influence. If you are under commercial influence you are not an eligible body, (see [section 4](#)) and your sports supplies are standard-rated. A sports supply is a supply, which if made by an eligible body, would fall within the exemption for sporting and physical education services.

These rules look complicated because they are designed to counter complex tax avoidance schemes. Please contact the [VAT helpline](#) (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries>) if you need any help.

5.1 When you are under commercial influence

This decision table explains when you are under commercial influence:

Step	Decision	Further information
1	On each occasion you make a charge for initial or renewal of playing subscriptions or make some other type of sports supply, decide which period is, for the purposes of that supply, the 'relevant period'. Go to step 2.	Relevant period is explained at paragraph 5.2
2	Was a 'relevant supply' made to you in the relevant period? Go to step 3.	Relevant supply is explained at paragraphs 5.3 and 5.4 .
3	Have you paid an 'emolument'? Go to step 4.	Emolument is explained at paragraph 5.5 .
4	Does an 'agreement' exist for either or both of the following to take place after the end of the relevant period, namely, the making of a relevant supply to you or the payment by you of any emolument? Go to step 5.	Agreement includes any arrangement or understanding (whether or not legally enforceable).
5	If you have answered yes to any of the questions at steps 2, 3 or 4 go to step 6. If you have answered no to all of the questions at steps 2, 3 and 4 you are not under 'commercial influence'	

Step	Decision	Further information
6	Was the relevant supply made by, an emolument paid to, or agreement made with a 'person associated' with you at that time it was made or paid? If yes, you are under commercial influence for that supply. If no, you are not under commercial influence for that supply.	Person associated is explained at paragraph 5.6 .

5.2 The relevant period

This table explains the meaning of relevant period:

For sports supplies made	the relevant period runs
From 1 January 2000 to 31 December 2002	from 14 January 1999 to the time of the sports supply
1 January 2003 onwards	for the 3 years leading up to the time of the sports supply

5.3 A relevant supply

This table explains the meaning of relevant supply:

A relevant supply is a

grant of either any interest in or right over land or licence to occupy any land which at any time in the relevant period was or was expected to become sports land, and in the case of land in Scotland, of any personal right to call for or be granted any such interest or right, or of the use of sports land (that is, where rent is paid) under leases granted, varied or renewed after 31 March 1996

supply of any services in managing or administering any of its facilities

supply of any goods or services for more than the normal market price

Notes

Grant includes an assignment or surrender. Sports land in relation to any body, means any land used or held for use for or in connection with the provision by that body of facilities for use for or in connection with sport or physical recreation, or both.

5.4 Exceptions from relevant supplies

This table explains the circumstances in which a supply is not a 'relevant supply' despite meeting the terms of paragraph 5.3:

Supplies will not be relevant supplies if they are**Notes**

made by a charity or local authority

Supplies will not be relevant supplies if they are

Notes

made by a company to a club owned by that company and whose principal purpose is to provide employees of that company with sports facilities

Employees in relation to a person, includes retired employees of that person.

a gift of sports land or of the use of sports land

‘Sports land’ in relation to any body, means any land used or held for use for, or in connection with, the provision by that body of facilities for use for, or in connection with, sport or physical recreation, or both.

of sports land and was made in return for a nominal amount

In normal circumstances we will treat any payment below £1,000 as nominal and will give careful consideration to claims for higher amounts to be treated as nominal.

of the use of sports land and made in return for a nominal amount, provided that the original grant of land was also for a nominal amount.

5.5 Meaning of emoluments

Emoluments include all salaries, fees, wages, perquisites and profits calculated or varied, wholly or partly, by reference to the:

- profits from some or all of the activities of the body paying the emolument

- level of that body's gross income from some or all of its activities

Perquisites (perks) are allowances paid, or goods and services provided, over and above a settled wage.

5.6 What's meant by 'a person associated with' a body

This table describes the legal persons who are associated with an eligible body:

Includes	Meaning
Officer	Includes any committee member, director or trustee of the body.
Shadow officer	Someone in accordance with whose directions or instructions the officers or members of the body are accustomed to act.
Intermediary	Anyone who acts between the body and persons associated with it, including other intermediaries, in the making of a 'relevant supply'.
Person connected with another person associated with the body	Has the meaning in the Corporation Tax Act 2010 (connected persons) (see paragraph 7.1), this includes anyone who is a relative or business partner of an officer, shadow officer or intermediary or connected by virtue of control of a company.

5.7 Further information

5.7.1 Payment of honoraria

Payment of honoraria will not disqualify your club from exemption. Where you pay an honorarium to the club secretary or treasurer, for example, this will not disqualify you from exemption, unless you calculate the amount by reference to your profits or gross income.

5.7.2 If your club uses a committee member's firm to perform routine bookkeeping, accounting or legal services

As we do not treat supplies of such services as management and administration, this will not disqualify you from exemption.

6. Exemption for competitions in sport and physical recreation

This section describes when you may exempt entry fees to certain sports competitions. An entry fee is the payment made for the right to enter a competition. A competition means a structured and organised contest, tournament or race where prizes or titles of some kind are awarded.

6.1 Scope of the exemption

Entry fees may qualify for exemption where they are for entry to a competition either:

- in sport or physical education and the total amount of the entry fees charged is returned to the entrants of that competition as prizes
- promoted by an eligible body, which is established for the purposes of sport or physical recreation

The highlighted terms are explained in this table.

Term	Explanation
'Sport or physical education'	See paragraph 3.2
'Eligible body'	See section 4
'Established for the purposes'	There is no legal definition. It includes a charitable trust set up to run a sports club or sports centre. It does not include local authorities, because they perform a wide range of functions and do not owe their existence to sport or physical recreation.
'Sport and physical recreation'	This covers sports and physical education listed at paragraph 3.2 and physical recreation activities such as greyhound or pigeon racing and clay pigeon shooting. Activities that do not amount to sport or physical recreation, such as chess, card games, dominoes, and spot-the-ball and other newspaper competitions are excluded by the definition. Where animals are involved, it is important to distinguish between an animal show and activities which qualify as sport or physical recreation, such as a competition where the animals are assessed wholly or partially upon their sporting performance, for example jumping and racing.

6.2 When competition might fail to qualify

Competition might fail to qualify where all, or any, entry fees are carried forward as prizes or prize money to another competition.

6.3 If your organisation includes your normal charge for admission or use of your facilities in the entry fee

This does not exclude you from exemption, although you may need to apportion the fee between any exempt and taxable elements (see paragraph 6.4).

6.4 How to value your exempt entry fees

If the supply you are making is exempt the value of that exempt supply is normally the full amount of the entry fees received. You must not make any deduction for amounts you return as prizes.

But it's only the supply of the right to enter the competition that is exempt. Where the 'entry fee' includes elements that are standard or zero-rated supplies, you must decide whether you are making a single supply or a multiple supply. You can find out more about this in [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015) (<https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015>) and in the [VAT guide \(VAT Notice 700\)](https://www.gov.uk/guidance/vat-guide-notice-700) (<https://www.gov.uk/guidance/vat-guide-notice-700>).

6.5 Deduct input tax

You are entitled to deduct the input tax incurred on costs that you use or intend to use in making taxable supplies. You cannot normally deduct input tax incurred on costs that relate to your exempt supplies. If your input tax relates to both taxable and exempt supplies, you can normally deduct only the amount of input tax that relates to your taxable supplies.

For further information see the [VAT guide \(VAT Notice 700\)](https://www.gov.uk/guidance/vat-guide-notice-700) (<https://www.gov.uk/guidance/vat-guide-notice-700>) and [Partial exemption \(VAT Notice 706\)](https://www.gov.uk/guidance/partial-exemption-vat-notice-706) (<https://www.gov.uk/guidance/partial-exemption-vat-notice-706>).

6.6 Prizes, prize money and appearance money

Prizes and prize money awarded to, and appearance money paid to competitors, are always treated in the same way, regardless of whether the entry fees for the competition are exempt or taxable.

Prizes and prize money are outputs and appearance money is an input. Details of their treatment are shown in [Clubs and associations' VAT responsibilities \(VAT Notice 701/5\)](https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-vat-notice-701/5) (<https://www.gov.uk/guidance/clubs-and-associations-vat-responsibilities-notice-7015>).

7. Legal provisions referred to in this notice

The main legal provision in this notice is [Value Added Tax Act 1994, Schedule 9, Group 10 as amended by the Value Added Tax \(Sport\) Order 2014 \(SI 2014/3185\)](https://www.legislation.gov.uk/ukxi/2014/3185/contents/made) (<https://www.legislation.gov.uk/ukxi/2014/3185/contents/made>).

7.1 Other legal provisions

Other legal provisions include, the:

- [Income Tax \(Earnings and Pensions\) Act 2003](https://www.legislation.gov.uk/ukpga/2003/1/contents) (<https://www.legislation.gov.uk/ukpga/2003/1/contents>) - see section 62
- [Corporation Tax Act 2010](https://www.legislation.gov.uk/ukpga/2010/4/contents) (<https://www.legislation.gov.uk/ukpga/2010/4/contents>) - see sections 449 to 451 and 1122 to 1124

Your rights and obligations

Read [Your Charter \(https://www.gov.uk/government/publications/your-charter\)](https://www.gov.uk/government/publications/your-charter) to find out what you can expect from HMRC and what we expect from you.

Help us improve this notice

If you have any feedback about this notice please email: customerexperience.indirecttaxes@hmrc.gsi.gov.uk.

You'll need to include the full title of this notice. Do not include any personal or financial information like your VAT number.

If you need general help with this notice or have another VAT question you should phone our [VAT helpline \(https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries\)](https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries) or make a [VAT enquiry \(https://www.tax.service.gov.uk/shortforms/form/VATGenEng?dept-name=&sub-dept-name=&location=47\)](https://www.tax.service.gov.uk/shortforms/form/VATGenEng?dept-name=&sub-dept-name=&location=47) online.

Putting things right

If you're unhappy with HMRC's service, contact the person or office you've been dealing with and they'll try to put things right.

If you're still unhappy, find out [how to complain to HMRC \(https://www.gov.uk/guidance/complain-to-hm-revenue-and-customs\)](https://www.gov.uk/guidance/complain-to-hm-revenue-and-customs).

How HMRC uses your information

Find out [how HMRC uses the information we hold \(https://www.gov.uk/government/organisations/hm-revenue-customs/about/personal-information-charter\)](https://www.gov.uk/government/organisations/hm-revenue-customs/about/personal-information-charter) about you.

Published 2 August 2011

Explore the topic

[VAT \(/topic/business-tax/vat\)](#)

OGI

All content is available under the [Open Government Licence v3.0](#), except where otherwise stated

[© Crown copyright](#)