

PKF (UK) LLP

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## **VAT WINDFALL FOR GOLF AND SPORTS CLUBS**

Golf and sports clubs which are non-profit making and often prey to zealous VAT officials could be eligible to claim substantial refunds in respect of output tax overpaid on membership income in the period from 1 January, 1990 to 31 March, 1994.

This is according to accountants and business advisers PKF and is in the wake of a recent House of Lords ruling. This has brought some substantial VAT refunds for businesses where HM Revenue & Customs had incorrectly denied VAT recovery to VAT registered businesses or had them wrongly account for output VAT.

One golf club to benefit is Fulford, near York, which had been getting mixed messages regarding the opportunity to reclaim VAT on subscriptions pre1990.

“We prepared such a claim in case there was a change in legislation and this allowed the Club to focus attention on other areas of VAT reclaim and a strategy to support the Club going forward,” said Brian Birt, manager of VAT services in the Sheffield office of PKF.

The exemption from VAT charges on membership for non-profit making sporting bodies was introduced on 1 April, 1994. However, these bodies can backdate VAT refund claims to 1 January, 1990 since that was the effective date for the membership exemption in the UK. Not only will a club get the overpaid VAT refunded but substantial interest is payable on these refunds.”

“Basically, you should be able to show that VAT was overpaid in the period on the membership income for playing members. It may be possible that this can be done from the Club accounts,” said Mr Birt.

Both he and Billy Cairns, director of VAT services for the North, will be meeting officials of Yorkshire Golf Society on 1 July.

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