

VAT Guidance

Value Added Tax often imposes a severe cost burden on clubs. This arises whether the club is registered as a CASC or not, although registration as a charity could help put it in a better position where the club embarks on a development programme.

In addition to the information provided below, Richard Baldwin, Chair of the CASC Development Forum has produced a guide for minimising the VAT costs associated with letting sports facilities. This is available to [view here](#).

VAT is levied on the taxable supply of goods or services, in the course or furtherance of a business. In this connection prima facie the provision of services to members of the club in return for subscriptions constitutes a taxable supply. Clubs have to register for VAT if the annual value of their taxable supplies exceeds or is likely to exceed the registration threshold of currently £64,000. The club may wish to register voluntarily if its turnover is less than that threshold. This would enable it to reclaim VAT on its expenditure but would also mean that it has to charge VAT on any standard rated supplies that it makes. VAT registered clubs can reclaim at least part of the VAT they suffer on expenditure (input tax). The amounts that can be reclaimed depend on the type of supplies that it is making.

Most voluntary sports clubs that are not subject to any commercial influence with all profits and surpluses used to benefit the club with no profits distributed to members, are able to exempt charges for sporting services from VAT. The exemption covers the following types of services:

- Subscription and joining fees paid by active club members
- Provision of court pitch and facility fees for members
- Use of changing rooms, playing equipment and locker hire for members
- Coaching and refereeing provided to members

Charges for other services are standard rated including subscriptions paid by non-playing members, bar restaurant/catering and meal charges.

As a result of this most clubs will be partially exempt and therefore not normally able to reclaim the VAT that relates to exempt supplies. It therefore follows that avoiding VAT payable on supplies to the club can help reduce VAT costs. In this connection VAT on hiring the clubs facilities, for example, e.g. pitches and changing rooms, can be avoided where certain conditions are fulfilled; principally that there is an agreement for hiring for a series of 10 periods or more.

If the exempt input VAT is below the de minimus limit of not more than £625 per month on average and half of its total input tax in relevant period all of its input VAT can be reclaimed. All partially exempt clubs must undertake a calculation each time they complete their VAT return which works out how much input tax they may recover.

Whilst on the face of it, not having to charge VAT on playing members subscriptions is attractive if the club is embarking on a capital development programme, this can work to its disadvantage since VAT on that expenditure is likely to be substantially irrecoverable. If the club is registered as a charity then it may be possible for some of the expenditure to be zero rated and hence VAT will not become a cost. Further, where the new facilities are used by non-members and VAT charges are made, elements of VAT will be recoverable even though the expenditure bears VAT.

VAT is a complex and costly tax for sports clubs and where a club has to register because its taxable turnover exceeds the threshold careful consideration should be given to all of the aspects of VAT.