

Constable VAT Consultancy

VAT Focus 23 August 2012

HMRC Revenue and Customs Briefs and press releases

There have been several briefs and announcements relating to VAT in recent weeks, which are summarised below.

HMRC [RCB 22/12](#) announces that, following discussions at EU level, HMRC are changing their policy on the place of supply of certain land related services. Services connected to land are subject to VAT in the country where the land is situated. The general rule is that services not connected to land are VATable where the customer is located. Three types of service are affected by this policy change:

- stands at exhibitions;
- storage of goods; and
- airport lounges.

Exhibition space packaged with certain accompanying services will no longer be treated as a supply of land. Storage space will only be treated as a supply of land where the supplier grants an exclusive right to use a specific area of a UK warehouse. Supplies of access to airport lounges, not currently treated as land-related, will become so.

Businesses may continue to apply HMRC's old treatment for up to three months from the date of the brief. However, businesses may adopt the new treatment immediately if they wish to do so.

HMRC has also issued [RCB 26/12](#). Following, the Government's announcement in Budget 2012 of its intention to withdraw the reduced rate for energy saving materials (ESM) installed in buildings used solely for a relevant charitable purpose this Brief asks for input on the following two points:

1. Does the proposed date (1 August 2013) for the removal of the reduced rate for the installation of ESM in relevant charitable buildings present any particular problems? If so, can you explain what they are and what alternatives you propose?
2. Are there any particular factors that HMRC should take into account when making this change?

Businesses in the construction sector who install ESM, charities that use buildings solely for a non-business use and anyone who manages a village hall or similar establishment should consider this Brief and make any responses to HMRC by email by **20 October 2012**.

A [press release](#) has been issued giving details of the extensions to the Listed Places of Worship Scheme, following the Budget 2012 announcement of the removal of the zero-rate for approved alterations to listed buildings. The extended scheme will become operational from **1 October 2012**.

As well as the allocation of additional funding to the Scheme, some of the current restrictions will be removed and there will be a return to monthly payments of grants to improve cash flow.

Bridport and West Dorset Golf Club

This VAT case, reported on in previous newsletters, concerns the VAT liability of green fees charged by the golf club to non-members. In 2011 the Tribunal concluded that restricting the exemption to supplies made to members was contrary to the purpose of the exemption in the Principal EU VAT Directive and that supplies to non-members of green fees should be exempt from VAT. HMRC appealed this decision on the basis that the Tribunal had misinterpreted EU Law.

The Upper Tribunal has recently considered this matter and has concluded that the matter should be referred to the European Court to determine how the relevant articles of the Principle VAT Directive should be interpreted to ensure that there is a uniform application of the law throughout the European Community .

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Thinking outside the box