

VALUE ADDED TAX

H.M. Customs and Excise has asked that all our Branches and Branch Clubs be informed of the position with respect to Value Added Tax, as stated below:-

1. It is considered that both Clubs and Branches should be treated as within the terms of Section 45 (1) (b) of the Finance Act 1972 and are liable to register for VAT when their taxable turnover exceeds £5000 per annum.
2. Providing that both Clubs and Branches maintain separate Constitutions and accounts and follow the agreed patterns then they may be regarded as separate entities for the purpose of VAT.
3. In Scotland it is expected that none of the Branches will exceed the £5000 limit but most of the Clubs associated with them will exceed this limit.
4. In the case where the Club is Registered and the Branch is not
 - (a) If the receipt issued for payment of Members or Associate Members subscriptions clearly indicates the amounts payable to Club and Branch and these amounts are recorded seperately in the respective accounts, and only in these respective accounts, then only that part paid as a subscription to the club will include VAT.
 - (b) If the receipt does not make this distinction but the amounts are separately recorded, then the accounts must be supported by extracts of the minutes of the meetings at which these amounts were determined.
 - (c) If the amounts are not separately recorded then the whole of the subscription income shown in the Club's accounts will be taxable income, irrespective of whether
 - (i) payment is received direct from the member or via the Branch.
 - (ii) it includes subscriptions due to the Branch.
5. Donations made, either as a lump sum or calculated on a per capita basis, by Club or Branch to The Royal British Legion Scotland Headquarters are regarded as suppliers outside the scope of VAT.

The foregoing therefore forms a firm ruling, from H.M. Customs and Excise, for all Branches and Branch Clubs throughout Scotland.