

2nd December 2005

Dear Hirer,

Hampshire County Council is responsible to HM Revenue & Customs for ensuring that VAT regulations are correctly applied to all letting of school facilities. The arrangements for existing hirers are being reviewed to make sure VAT is being collected from hirers as necessary and that any exemptions strictly follow the guidelines.

In brief the VAT rules for letting are as follows:-

Definitions

Standard rated means that VAT has to be added to the hire charge, currently at the rate of 17.5%.

VAT exempt means that VAT does not have to be charged.

General Lettings

General lettings of an open space such as a field, hall or room are VAT exempt. This also applies to the use of a room with tables and chairs.

General lettings become standard rated if the hirer requires use of school facilities such as a projector, computer, a kitchen, or other equipment during the let.

Sports Lettings

A Sports Let is defined as a physical activity undertaken in a space adapted for physical activities and is standard rated. The Sports Let may become VAT exempt if the following conditions apply:

1. The let is a one off for a continuous period exceeding 24 hours or,
2. A series of 10 or more lettings is booked by an eligible body* and
 - Each let is for the same activity and
 - The interval between each let is not less than one day and not more than fourteen days and
 - There is a written agreement regarding the series of lets (school booking form) and

- The hirer has exclusive use of the facilities.

It is important to note that the regulations are clear that if the series of lets is broken by the hirer, for whatever reason, all or part of the series of lets may become subject to VAT which the hirer will be obliged to pay.

*An eligible body is defined as a club or association whose articles/memoranda of association or constitution demonstrate that they are:

- Non-profit making or
- Have in their constitution restrictions preventing distributions of any profits except to other non-profit bodies or on wind up and
- Do not have any paid officers or paid connected officers.

It is up to the hirer to prove that the club or association is an eligible body before the “series of lets’ rules” can be applied. A copy of your articles/memorandum of association or constitution must be provided for the school to keep on record. A letter confirming you meet the requirements is not sufficient.

In line with government guidelines we have to inform you that unless the school receives evidence confirming your status as an eligible body by the end of the current school term, VAT will have to be applied to all your subsequent sports lettings.

G S Heath - Headteacher