

The Association of Golf Course Owners – Abbotsley Golf Club – St. Neots PE19 6XN
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Fighting for fair VAT and tax in golf for 20 years

Mr Martin Jones,
Indirect Tax Directorate
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21, Victoria Avenue,
Southend-on-Sea
Essex SS99 1BD

Your Reference: CETO/7355/2014

29th August 2014

Email: martin.jones@hmrc.gsi.gov.uk

Dear Mr Jones,

Re: VAT refunds from Bridport – HMRC golf days!

Thank you for your letter of 2nd July which acknowledges my letters to the Chief Executive of HMRC dated 2nd June and to Mr Edward Troup, the Tax Assurance Commissioner and Second Permanent Secretary. You did say you would respond in due course but needless to say have not, so I writing again. I know that the HMRC Chief Executive still soldiers on in the belief that HMRC charges tax correctly to member-owned golf clubs and always has done.

HMRC has still refused to make a clear statement as to whether or not you will be paying out the estimated £500 million in VAT refunds following the Bridport case. We have asked for a specific ruling from HMRC but your Mr Bryant appears to be struggling to think clearly about it.

We have asked for a clear statement that HMRC will not make these VAT refunds to the 1500 or so member-owned golf clubs that have applied for refunds of VAT on ‘green fees’.

HMRC failed to defend the Bridport action properly and failed to explain to the judge at the First Level tribunal that the £90,000 of ‘green fees’ in the Bridport accounts of 2009 included fees derived from corporations – such as AgustaWestland Ltd. These were not supplies to persons. In other instances the fees described as ‘green fees’ in golf club accounts are fees received from companies that sell rounds of golf at members’ clubs, not even just as agents but in their own right. These are not supplied by non-profit making organisations. We understand that Bridport has received their refund; the European legislation does not permit VAT exemption on fees unless supplied to persons, by non-profit making organisations. We say HMRC has broken the terms of the VAT Directive in making these refunds to Bridport.

Our conclusion is, quite frankly, that HMRC is probably the largest customer for golf societies and corporate days in the United Kingdom, and far from failing to address the judge correctly on what was included as ‘green fees’ through incompetence, it was because of this vested interest.

HMRC is fully aware of the nature of 'green fees' as recorded in golf club accounts. John Robson from Newcastle, an HMRC officer, has run the HMRC golf tournament for many years, with qualifiers from 16 regions. HMRC regularly holds golf days at member-owned golf clubs. The District Valuer (VOA) regularly holds golf days at member-owned golf clubs. FOCERRSA (your federation of retired Revenue officers) regularly holds golf days at member-owned golf clubs. The Revenue and Customs Sports League (RCSL) regularly holds golf days at member-owned golf clubs. The Northern Estates Sports and Leisure division of HMRC regularly holds its golf days at member-owned golf clubs.

HMRC, through its various subsidiaries, appears to be the largest customer of golf society days in the UK.

It would appear that HMRC pays a fee to the host club and then on some occasions charges out the day to their employees and on other case the employees enjoy their golf while being paid to be at work. You can check every golf society or corporate day organised by HMRC or one of their subsidiary sports groups to ascertain just how golf clubs have treated the funds received.

We note that the Inland Revenue/HMRC team won the Civil Service Golf Championship at Walton Heath in 1991 and 1993, at Gog Magog in 1994 and 1995, at Notts (Hollinwell) in 1998, 2001 and 2009. Each of these clubs is making a claim for a refund of VAT on 'green fees'. None of these clubs ever pays corporation tax on green fees, none bothers with a liquor license and all are on the fiddle.

As your officer, Mr. Steven Brattan, played in each event he can doubtless throw light on the payments if any by competitors and HMRC can fully investigate how the income was recorded in each club's accounts. Mr Neil K Hughes, the competition secretary of the Cambridge County Golf Union, represented the Inland Revenue Golf Team from at least 1976 to 2001 and was the Civil Service and Inland Revenue Golf Champion. Presumably both could explain to a judge just how the HMRC golf days operate and the nature of golf societies and corporate golf days in general. There is no excuse for HMRC to have allowed Judge Bishopp to be hoodwinked over the term 'green fee'.

Presumably HMRC is not a group of persons and the clubs should not be attempting to recover VAT on the fees HMRC has paid to them.

In cases where HMRC charges the golf day to employees is that VAT exempt? Is HMRC a non-profit making organisation and eligible body able to provide VAT exempt golf? If so it would appear to be in competition with proprietary golf clubs that have to charge VAT. It clearly has a vested interest. Invariably HMRC plays its golf days at member-owned golf clubs; presumably it will continue to do so, favouring them rather than proprietary clubs, with the members' clubs now able to offer VAT exempt green fees while we have to charge VAT. It is wonderful for our proprietary sector to realise that we are competing with HMRC itself.

We have raised a Freedom of Information Act enquiry to find out precisely how much HMRC and its subsidiaries have paid for golf days during the years 2011 to 2014.

May we ask that HMRC makes a clear statement and refuses all refunds of VAT on 'green fees' where clubs have included fees derived from corporate days and golf societies.

Yours sincerely,

Vivien Saunders

Vivien Saunders

For and on behalf of the Association of Golf Course Owners (1993)