



VALUE ADDED TAX ACT 1996

VALUE ADDED TAX (FUND-RAISING EVENTS BY CHARITIES AND OTHER QUALIFYING BODIES) ORDER 2000

Approved by Tynwald

16 May 2000

Coming into operation

1 April 2000

In exercise of the powers conferred on the Treasury by sections 31(2) and 94(6) of the Value Added Tax Act 1996^(a), and of all other powers enabling it in that behalf, the following Order is hereby made:-

Citation and commencement

1. (1) This Order may be cited as the Value Added Tax (Fund-Raising Events by Charities and Other Qualifying Bodies) Order 2000 and shall be deemed to have come into operation on 1st April 2000.

(2) The variations for which this Order provides have effect only in the case of supplies made on or after 1st April 2000.

(3) However, in determining for the purposes of Note (4) inserted by article 3 whether the number of events in a series exceeds any particular number, an event is not to be disregarded solely because it was held before 1st April 2000.

Amendment

2. Schedule 10 to the Value Added Tax Act 1996 (fund-raising events by charities and other qualifying bodies) shall be varied as follows.

3. For Group 11 substitute -

“GROUP 11 - FUND-RAISING EVENTS BY CHARITIES AND OTHER QUALIFYING BODIES

Item No.

1. The supply of goods and services by a charity in connection with an event -

^(a) 1996 c.1.

- (a) that is organised for charitable purposes by a charity or jointly by more than one charity,
 - (b) whose primary purpose is the raising of money, and
 - (c) that is promoted as being primarily for the raising of money.
2. The supply of goods and services by a qualifying body in connection with an event -
- (a) that is organised exclusively for the body's own benefit,
 - (b) whose primary purpose is the raising of money, and
 - (c) that is promoted as being primarily for the raising of money.
3. The supply of goods and services by a charity or a qualifying body in connection with an event -
- (a) that is organised jointly by a charity, or two or more charities, and the qualifying body,
 - (b) that is so organised exclusively for charitable purposes or exclusively for the body's own benefit or exclusively for a combination of those purposes and that benefit,
 - (c) whose primary purpose is the raising of money, and
 - (d) that is promoted as being primarily for the raising of money.

Notes:

- (1) For the purpose of this Group "event" includes an event accessed (wholly or partly) by means of electronic communications.

For this purpose "electronic communications" includes any communications by means of a telecommunications system (within the meaning of the Telecommunications Act 1984^(b)).

- (2) For the purposes of this Group "charity" includes a body corporate that is wholly owned by a charity if -

- (a) the body has agreed in writing (whether or not contained in a deed) to transfer its profits (from whatever source) to a charity, or
- (b) the body's profits (from whatever source) are otherwise payable to a charity.

- (3) For the purpose of this Group "qualifying body" means -

- (a) any non-profit making organisation mentioned in item 1 of Group 9;

^(b) 1984 c.11.

- (b) any body that is an eligible body for the purposes of Group 10 and whose principal purpose is the provision of facilities for persons to take part in sport or physical education; and
 - (c) any body that is an eligible body for the purposes of item 2 of Group 12.
- (4) Where in a financial year of a charity or qualifying body there are held at the same location more than 15 events involving the charity or body that are of the same kind, items 1 to 3 do not apply (or shall be treated as having not applied) to a supply in connection with any event involving the charity or body that is of that kind and is held in that financial year at that location.
- (5) In determining whether the limit of 15 events mentioned in Note (4) has been exceeded in the case of events of any one kind held at the same location, disregard any event of that kind held at that location in a week during which the aggregate gross takings from events involving the charity or body that are of that kind and are held in that location do not exceed £1,000.
- (6) In the case of a financial year that is no longer or shorter than a year, Notes (4) and (5) have effect as if for "15" there were substituted the whole number nearest to the number obtained by -
- (a) first multiplying the number of days in the financial year by 15, and
 - (b) then dividing the result by 365.
- (7) For the purposes of Notes (4) and (5) -
- (a) an event involves a charity if the event is organised by the charity or a connected charity;
 - (b) an event involves a qualifying body if the event is organised by the body.

In this Note "organised" means organised alone or jointly in any combination, and "organising" in Note (8) shall be construed accordingly.

- (8) Items 1 to 3 do not include any supply in connection with an event if -
- (a) accommodation in connection with the event is provided to a person by means of a supply, or in pursuance of arrangements, made by -
 - (i) the charity or any of the charities, or the qualifying body, organising the event, or
 - (ii) a charity connected with any charity organising the event,
 and
 - (b) the provision of the accommodation is not incidental to the event.

(9) For the purposes of Note (8) the provision of accommodation is incidental to the event only if accommodation provided to the person by such means, or in pursuance of such arrangements, as are mentioned in paragraph (a) of that Note -

- (a) does not exceed two nights in total (whether or not consecutive), and
- (b) is not to any extent provided by means of a supply to which an order under section 53 applies.

(10) For the purposes of Notes (7)(a) and (8), two charities are connected if -

- (a) one is a charity for the purposes of this Group only by virtue of Note (2) and the other is the charity that owns it, or
- (b) each is a charity for the purposes of this Group only by virtue of Note (2) and the two of them are owned by the same charity.

(11) Items 1 to 3 do not include any supply the exemption of which would be likely to create distortions of competition such as to place a commercial enterprise carried on by a taxable person at a disadvantage."."

4. Paragraph (a) of article 2 of the Value Added Tax (Cultural Services) Order 1996^(c) is hereby revoked.

Made this

5th day of

April

2000



Minister for the Treasury

^(c) S.D. No. 447/96.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force with effect from 1st April 2000, substitutes a new Group 11 of Schedule 10 to the Value Added Tax Act 1996 (exemption for fund-raising events by charities and other qualifying bodies).

Article 3 substitutes the new Group 11.

Items 1 to 3 of the new Group 11 replace the former items 1 and 2 and Note (1) so exemption applies to the supply of goods and services in connection with any fund-raising event which is organised and promoted primarily to raise money for charities and qualifying bodies.

Note (1) applies the exemption to fund-raising events where participation is by means of electronic communications such as the Internet.

Note (2) extends the relief to a wholly owned subsidiary of a charity holding fund-raising events provided all its profits are payable to a charity.

Note (3) defines "qualifying body" to provide exemption for events organised by certain sports, cultural, trade union, professional and other public interest bodies.

Note (4) provides VAT exemption for fund-raising events held by a charity or a qualifying body provided that no more than 15 events of the same kind are held in any one location during the financial year of a charity or qualifying body.

Note (5) preserves VAT exemption for small scale events held by a charity or a qualifying body, such as jumble sales and coffee mornings, provided the gross weekly takings do not exceed £1,000.

Note (6) calculates the number of events which may be exempted in a financial year which is longer or shorter than 12 months.

Note (7) ensures that every event a charity or a qualifying body organises, whether alone or in association with another charity or qualifying body, counts towards the limit of 15.

Notes (8) and (9) provide for events incorporating up to two nights incidental accommodation to be exempt. Note (9) confirms that any supply which falls within the Tour Operators' Margin Scheme (for businesses that buy in and resell travel, hotel, holiday and certain other services to travellers) is excluded from the exemption for fund-raising events.

Note (10) treats a charity and its wholly owned subsidiaries as a single body for the purposes of the tests in Notes (7)(a) and (8).

Note (11) removes from exemption an event which is likely to create distortion of competition and place a commercial enterprise at a disadvantage.

Article 4 makes a consequential amendment to a previous Order.