

General limits on deductibility. VATA s. 12(3) and s. 12(3A) (in part)

60.—(1) In this subsection and subsection (2)—

“delegate” means a taxable person or a taxable person’s employee or agent who attends a qualifying conference in the course or furtherance of the taxable person’s business;

“motor vehicles” means motor vehicles designed and constructed for the conveyance of persons by road and sports motor vehicles, estate cars, station wagons, motor cycles, motor scooters, mopeds and auto cycles, whether or not so designed and constructed, excluding vehicles designed and constructed for the carriage of more than 16 persons (inclusive of the driver), invalid carriages and other vehicles of a type designed for use by invalids or infirm persons;

“qualifying accommodation” means the supply to a delegate of a service consisting of the letting of immovable goods or accommodation covered by paragraph 11 of Schedule 3, for a maximum period starting from the night prior to the date on which the qualifying conference commences and ending on the date on which the conference concludes;

“qualifying conference” means a conference or meeting in the course or furtherance of business organised to cater for 50 or more delegates, which takes place at a venue designed and constructed for the purposes of hosting 50 or more delegates and in respect of which the person responsible for organising the conference issues in writing the details of the conference to each taxable person who attends or sends a delegate, and such details shall include—

(a) the location and dates of the conference,

(b) the nature of the business being conducted,

(c) the number of delegates for whom the conference is organised, and

(d) the name, business address and value-added tax registration number of the person responsible for organising the conference.

(2)(a) Notwithstanding anything in this Chapter, a deduction of tax under this Chapter shall not be made if, and to the extent that, the tax relates to—

(i) expenditure incurred by the accountable person on food or drink, or accommodation (other than qualifying accommodation in connection with attendance at a qualifying conference), or other personal services, for the accountable person, the accountable person’s agents or employees, except to the extent (if any) that such expenditure is incurred in relation to a supply of services in respect of which that accountable person is accountable for tax,

(ii) expenditure incurred by the accountable person on food or drink, or accommodation or other

entertainment services, where such expenditure forms all or part of the cost of providing an advertising service in respect of which tax is due and payable by the accountable person,

(iii) entertainment expenses incurred by the accountable person, his or her agents or his or her employees,

(iv) subject to section 59 (2)(d), the purchase, hiring, intra-Community acquisition or importation of motor vehicles otherwise than as stock-in-trade or for the purpose of the supply thereof by a person supplying financial services of the kind specified in paragraph 6(1)(e) of Schedule 1 in respect of those motor vehicles as part of an agreement of the kind referred to in section 19 (1)(c) or for the purposes of a business which consists in whole or part of the hiring of motor vehicles or for use, in a driving school business, for giving driving instruction,

(v) the purchase, intra-Community acquisition or importation of petrol otherwise than as stock-in-trade, or

(vi) the procurement of a supply of contract work where such supply consists of the handing over of goods to which this paragraph applies.

(b)(i) In subparagraph (i) of paragraph (a), reference to the provision of accommodation includes expenditure by the accountable person on a building, including the fitting out of such building, to provide such accommodation.

(ii) In subparagraph (iii) of paragraph (a), entertainment expenses includes expenditure on a building or facility, including the fitting out of such building or facility, to provide such entertainment.

(3) Notwithstanding anything in this Chapter, where section 87 (3) or (8) or 89 (3) has been applied to a supply of goods to an accountable person, that accountable person shall not deduct, in accordance with section 59 (2), any tax in relation to the supply to him or her.