HMRC - VATDSAG08100 - Tribunal: Husband And Wife Cases: Stephen And Angela Trippitt

The case of Stephen and Angela Trippitt (MAN/00/0249) VTD 17340 addressed the question of whether a husband and wife could operate two businesses from the same premises.

In this case, the Tribunal decided that

the traders had successfully separated the activities of public house and bed and breakfast into two separate entities

we were incorrect in issuing a Notice of Direction.

The facts showed the extent of the commercial relationship between the entities, in addition to which Mrs Trippitt gave 35% of her takings to her husband.

The Tribunal was satisfied that this amount constituted a realistic, commercial, arm’s length contribution towards the value of the shared premises and telephone and utilities.

This decision means that where one entity argues that it pays a fixed percentage of its takings to the other, you need to establish:

what would happen if there were no takings?

would a minimal amount still have to be paid?

if not, how does that entity see these arrangements as constituting a normal commercial relationship, given that it is at no financial risk?

is there a real monetary transaction (as opposed to just the appearance of one in the books)? Can they provide evidence of this?

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