HMRC - VATDSAG08150 - Tribunal: Husband And Wife Cases: Sea Breeze Cafe

The case of Mr B Parker and Mrs J Parker T/A Sea Breeze Café (LON/98/1284) VTD 16350 also considered whether a husband and wife could operate two businesses from the same premises.

The main problem with the ruling in this case is that the Tribunal decided that, where two or more businesses are run by husband and wife, we should not expect relationships between the two to be wholly at arm’s length or to reflect normal commercial practices entirely.

In husband and wife cases, one spouse helping the other out, particularly financially, is not considered to be strong evidence of a single entity. Therefore, in such cases, if you don’t have additional factual evidence of the existence of a single entity, you should accept that there are separate entities but consider whether the business has been artificially separated.

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