HMRC - VATSC42500 - Hotel No-Shows

A customer with a reservation who fails to turn up or contact the hotel to cancel their booking, may be charged a fee. Hotels often describe these as “no-show charges”. They can fall into two categories, depending on the terms and conditions of the booking.

In the case of a normal reservation guarantee (see VATSC42300) this represents compensation for breach of contract and is outside the scope of VAT. Where a guaranteed room (see VATSC42300) has been held for the customer, the no-show charge is consideration for a supply of keeping a room available and is subject to VAT.

Previous page

Next page