HMRC - VATSC42600 - Hotel Late Arrivals

Under the terms of the booking, a non-appearance, or a failure to cancel, before an agreed cut-off point may represent a breach of contract. In that event the customer may be charged the equivalent of a night’s stay.

The original contract is terminated at the point it is breached. Any charge made in respect of that breach represents compensation to the hotel and is therefore outside the scope of VAT.

Should the customer still wish to stay at the hotel, and the hotel agree to accommodate them, then a new contract is created. This can occur, for example, if the customer books for four nights but (perhaps due to transport problems) does not arrive for the first night but wishes to stay for the remaining three.

Previous page