HMRC - VATSC51930 - Grants: Trustees Of The Bowthorpe Community Trust

Court Reference: LON/94/1276A

The Bowthorpe Community Trust was a registered charity and provided work experience for physically handicapped and disabled students. The question for the Tribunal was about the Commissioners denying input tax reclaimed by the trustees in respect of expenditure on a new workshop.

The decision noted the Trust’s fund raising documents where its aim was stated to be providing work experience for daily placements in woodwork mainly but also in pottery and other crafts, developing self-confidence through creative work in a friendly environment. The Trust also had a counselling service and its benefits were aimed at the physically and mentally disabled in the Norwich area and surrounding area. About 55% of the funding was received from Norfolk County Council with the rest being from donations.

There were two types of agreement with the Council, with conditions such as the requirement for the Trust to provide premises suitable for training, to be open for specified periods and to give priority to 20 referrals from social services. If the Trust did not provide the 20 places then, it had to return the money (it is assumed only that proportion money for unused places is returned).

The decision that the money from the Council was a grant rather than consideration for supplies to the Council applied to both types of agreement. The reasons for this were:

the supplies made by the trust were made to the individuals, never to the Council

the amount of the grant was determined in relation to the Council’s categories of funding. In its internal documentation, the Council rated the Trust as an organisation ‘caring for people who otherwise would require the services of the County Council, enabling people to maintain their independence and enhancing the quality of life of vulnerable people’

although this category was of assistance to the Council, the Trust was not in the two top priority categories in respect of providing a service which demonstrably prevents people being admitted to the Councils’ care or is undertaking a task which by statute would fall upon the Council if the organisation ceased to function

although the Council had priority in deciding who received training and had certain monitoring rights to ensure the Trust fulfilled its obligations, this was not relevant to the decision

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