HMRC - VATSC98600 - Direction Of Supplies: VAT Treatment Of Contracted Out Local Authority Leisure Services

Various reasons, such as access to lottery funding and possible savings in business rates, have encouraged local authorities to contract out the running of their leisure facilities. Typically this can include leisure centres, swimming pools and other sporting venues. The service providers can range from commercial companies providing straightforward management services for the local authority, to non-profit making organisations (normally a trust or industrial and provident society) completely taking over the facilities and running them in their own right.

The VAT treatment can vary greatly depending on the arrangements adopted. A long standing Memorandum of Understanding between Customs and Excise and the Chartered Institute of Public Finance and Accountancy (CIPFA) covers the various arrangements that may be encountered. More recently, the VAT Tribunal has considered the issue in a case called Edinburgh Leisure, South Lanarkshire Leisure and Renfrewshire Leisure (EDN 03/22, 03/29 & 03/30) - see Business Brief 01/05 for further information.

The content of the Memorandum of Understanding is shown at VATSC98800.

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