

London Tax Incentives for Event Organisers

Save Money on your London Event

UK VAT regulations mean that associations, corporate event organisers and business travellers could be entitled to a tax refund and reclaim 20% tax on the following expenses:

- Accommodation
- Venue hire
- Exhibition space
- Food and beverages
- Event costs
- Transport
- Promotional marketing and advertising costs

Organisers of events based in London, or those travelling to London to attend exhibitions, conferences and events should consider VAT.

There were significant changes to the VAT rules on 1 January 2010 and further changes specifically covering conference, exhibitions and events that took effect from 1 January 2011.

Essentially, VAT no longer needs to be charged on most services when supplied to businesses belonging outside the UK. However, admission to events, including conference delegate fees, remain subject to VAT where the event takes place.

While it may appear that VAT is a cost, in the majority of cases, a business should be able to recover VAT after it has been incurred. The VAT issues will vary depending on specific circumstances but some of the more common scenarios are outlined below.

Event Organisers

If you are intending to charge for attendance at your event, you need to consider registration for VAT. There is no longer a VAT registration threshold in the UK for non-established taxable persons.

If you are selling allocated space at your event to exhibitors this is an exempt supply but subject to an option to tax. You may wish to exercise such an option which will required you to charge VAT but also entitle you to recover VAT on related costs. The provision of unallocated space would be compulsorily standard rated.

If you are not making any supplies in the UK (i.e. no charges for admissions or the provision of exhibition space) but you are incurring VAT on costs in the UK, then subject to certain conditions, you will be able to reclaim the VAT under the EU 8th or 13th directive refund scheme.

This is a mechanism that allows non-UK businesses that are tax registered in their home territory to reclaim VAT so that they are not disadvantaged compared to a UK registered business providing the same service.

This is likely to be relevant to costs such as hotel bills and catering incurred for your own business employees. It should be noted that VAT will not be charged on most other goods and services as the place of supply will be regarded as in your home country. You may therefore be required to account for Reverse Charge VAT if you belong in the EU or in a country that operates a similar VAT system.

As this outline demonstrates, this is not a straightforward area of tax law but in general it should mean that an event organiser is not penalised by having to bear VAT as a cost.

If you would like more specific advice in this area please contact vat@bral.com.

Exhibitors at Events

If you are exhibiting at an event in London, it is likely that you will be charged VAT on the exhibition space or other services and facilities for unallocated space. This should be reclaimable via your VAT return if you are a UK VAT registered business.

If you are a taxable business from another country you may be able to reclaim these costs through a special mechanism known as either the 8th or 13th directive. The 8th directive relates to entities registered for VAT elsewhere in the EU and this is something that should be familiar to your local advisors.

You will be required to complete and file the necessary online claims and submit these electronically to the tax authorities in your home territory. The 13th directive is a reclaim mechanism for non-EU entities and requires submission of a signed hard copy claim form with original document to the tax authorities in which the claim is being made.

However, it should be noted that if you are an organisation in the exempt business sector (e.g. finance, insurance, health, education) or the charitable/voluntary sector involved in non-business activities, you may not be eligible to recover VAT on expenditure incurred in the UK.

If you would like to understand these aspects of VAT further please contact vat@bral.com.

Case study

In order to demonstrate the VAT implications please consider the following example:

A US-based consultancy firm wishes to hold its annual worldwide conference in London. It is established in New York and has associate members, clients and contacts located in many parts of the world. It does not currently have a presence in the UK. Delegate fees will be charged to all attendees. Exhibitor space will be available to associate members who wish to have a specific stand at the conference. The overall level of conference income is expected to be in excess of £73,000.

The US firm will need to decide whether to run the conference itself or appoint an event organiser to act on its behalf. Either the US firm or the event organiser will need to register for UK VAT.

If the US firm runs the event and registers for VAT –

In this scenario the US firm will incur the event-related costs (i.e. venue hire and associated costs such as lighting, staging, sound and video recording etc) marketing costs, accommodation and catering). It will be able to recover any input VAT charged on these costs through its quarterly VAT returns. It will be required to charge output VAT on all delegate fee income and this will be accounted for to HMRC on the VAT return. The exhibition space will ordinarily be exempt from VAT but as this is likely to impact on recovery of related VAT, consideration should be given to "opting to tax" and charging VAT to the exhibitors.

If the US firm appoints an event organiser to register for VAT –

In this scenario, the US firm should be able to avoid the obligation and administrative issues of VAT registration. Instead the event organiser claims and accounts for VAT as set out above. An existing UK event organiser is likely to be VAT registered already but a non-UK event organiser may need to apply for registration in advance. The fee charged

by the event organiser to the US firm will be outside the scope of VAT since the place of supply rules determine this to be a supply where the recipient belongs.

The delegates, if VAT registered in the UK, will be able to reclaim the VAT on the conference fee via their VAT returns (assuming the VAT is incurred for the purpose of their taxable business). Delegates from outside the UK will be able to claim the VAT using the 8th or 13th directive claim procedure (assuming they do not make taxable supplies in the UK).

All information provided by BRAL