Financial Support Services Unit

JMB AMCSS SECRETARIAT

Financial Guideline 2013/2014 - 09

VAT ON RENTAL INCOME FROM SPORTS FACILITIES AND CAR PARKS

1. Introduction

In October 2012, the Finance Minister passed a commencement order stating that the provision of sports facilities and car parks by State and public bodies i.e. schools, will be liable to VAT **where the turnover for these services exceeds €37,500 per annum.**

2. Rental income from Sports Facilities

Income received by a board of management for the provision of facilities for taking part in, or services closely related to, the provision of sporting or physical education activities (other than golf) is liable to VAT from 1 January 2014 where the income received exceeds, or is likely to exceed, €37,500 in any continuous period of 12 months.

a. The facilities for taking part in sporting or physical education activities are defined as follows:

'Facilities for taking part in sporting or physical education activities include premises used, designed or adapted for taking part in sporting or physical education activities, such as, swimming pools, gymnasiums, leisure centres, bowling alleys, driving ranges together with lands let for fishing and shooting and outdoor centres that cater for water and adventure activities.

The hiring of sports grounds such as running tracks and football pitches by a public body are hired to either **commercial entities** or **private individuals** then, subject to the income threshold, is liable to VAT. Income received by a Board of Management for the provision of facilities for taking part in sporting or physical education activities is liable to VAT at **9%**.' Revenue EBrief 66/12.

Services closely related to the provision of such facilities are defined as:

The provision of equipment, such as racquets, sail boards and wetsuits, to persons taking part in sporting or physical education activities are regarded as services closely related to such facilities.

b. **Facilities for taking part in sporting or physical education activities DO NOT include:**
Facilities provided for activities that do not amount to a sport, for example, Board or card games; and the hiring of halls and grounds **to non-profit making** sporting, cultural, social and community organisations.

This exemption will remain in place for the hiring of sports grounds such as running tracks and football pitches by a public body to a non-profit making cultural, sporting, social and community organization. E.g. local GAA club. community drama society.

In deciding what is a non-profit making organisation the Revenue Commissioners will have regard, for example, to the organisation's constitution or articles of association as to whether or not it is precluded from distributing profits. In practice, most private member golf, tennis or similar clubs will continue to qualify for exemption insofar as the provision of sporting facilities for members is concerned.

3. Car parks

If cumulative rental income including income from car parking hire exceeds €37,500 per annum, vat will apply. Income from car parks is not covered by the VAT-exemptions. Such income is liable to VAT at the standard rate, currently 23%. A school is entitled to reclaim VAT on the inputs that relate to its taxable activities.

4. VAT Deductions

The school can reclaim VAT charged to them on goods/services used for their taxable (i.e. non-exempt) activities. The school must hold a valid purchase VAT invoice in order to reclaim the VAT charged. Revenue can deny a refund of VAT if an invoice is not valid.

Where dual use inputs are used e.g. goods/services used for both a taxable and an exempt activity, a proportion of the VAT may be deducted on the basis of a method of apportionment between taxable and exempt supplies.

STEPS FOR THE PRINCIPAL AND BOARD OF MANAGEMENT:

1. In order to comply with the new VAT regulations boards of management in schools will need to examine their **Annual Rental Income from all sources i.e. the total income from sports facilities and car parks.**

2. If the annual rental income is less than €37,500 the school will have no VAT obligations and no action will be required.

3. Where the annual rental income exceeds €37,500 the income from sports facilities should be analysed into
    a. income from non-profit making organisations and

b. Income from commercial operations

Income from rental of sports facilities to non-profit making organisations can be ignored for vat purposes.

4. If the Rental income from commercial operations for sports facilities and car parks combined exceeds €37,500 the board will have to apply VAT of 9% to the rental income from the sports facilities and at 23% on the rental from car parks.
5. A **sample VAT invoice** is attached in **Appendix 1** for schools to issue to commercial rental customers for sports facilities and for all car park rental customers.
6. The board will have to pay the VAT to the Revenue on the bi- monthly Vat return.
7. If the board can claim any relevant input VAT this should be entered on the VAT return. E.g. Vat on electricity bill for the sports hall.

Schools that must charge VAT on Sporting Facilities or Car Parks should contact Kathleen Moloney or Anna Brennan for assistance.

Louise McNamara, Director,
FSSU, Joint Managerial Body
18th December 2013

Appendix 1

Sample VAT invoice

St. Mary's College, Dublin
Voluntary Secondary School

Vat No. 00267895T

Joe Bloggs
Bootcamp Southside
Dublin

September 27, 2013 Number B00012

Invoice

Monthly charge for the rental of the sports hall	€1000.00
Vat @ 9%	€90.00

Total Due	€1090.00
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