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**Saffery Champness**

CHARTERED ACCOUNTANTS

# POTENTIAL FOR LARGE VAT REPAYMENTS: *Language Schools*

**Two landmark VAT decisions  
this week could pave the way  
for large VAT repayments.**

**Particular opportunity for  
language schools to receive  
windfall VAT refunds.**

**May also be possible to claim  
large sums of interest.**

As you may be aware, the VAT treatment of those teaching English as a foreign language changed in 1994.

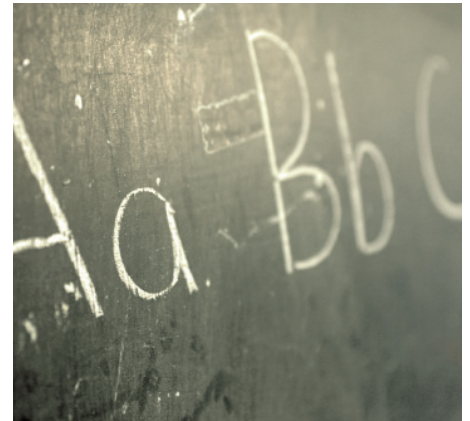
For most language schools this change was beneficial. However, the interpretation placed on the new regulations at that time by Customs & Excise, as it was then, was very restrictive and it was only when Pilgrims Language Courses challenged that position successfully in 1999 that the full benefit of the 1994 change could be enjoyed.

Unfortunately, by that time, Customs & Excise had imposed a three year cap on refunds meaning that many schools were unable to recover much of the VAT they had been forced to pay by Customs' incorrect interpretation of the law.

Happily, the recent decisions mean that these old overpayments may now be recoverable. Furthermore, in many circumstances, it should be possible to claim interest on the amounts due, adding significantly to the value of payments to be made.

As the adviser to Pilgrims on their Court of Appeal case, I was heavily

involved with this issue. I know that many schools had their claims "capped". I also recall that some schools had been paying too much VAT even before the 1994 change but, by the time this came to light, it was too late to do anything about it. But now, even these very old pre-1994 overpayments may be recoverable.



I would be delighted to discuss this opportunity with you. If you would like to see how your business might benefit from these decisions, please call me or email as below.

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