



Saffery Champness
CHARTERED ACCOUNTANTS

POTENTIAL FOR LARGE VAT REPAYMENTS: *Travel Agents*

Two recent landmark VAT decisions could pave the way for large VAT repayments.

There are a number of specific opportunities for travel agents to receive windfall VAT refunds.

It may also be possible to claim large sums of interest.

One opportunity for VAT refunds applies to credit card charges. As you may be aware, many travel agents were required to pay VAT on such charges until 1998. The position was clarified in 1998 with the result that most agents were able to treat charges made as exempt. Agents who had been paying VAT until then were often able to reclaim past VAT overpaid.

However, by that time, Customs & Excise, as it was then, had introduced a three year cap on refunds meaning that most agents were unable to claim as much as they should have been entitled to. The recent decisions may now allow you to redress that situation.

In essence, The House of Lords has ruled that the three year cap was introduced illegally and should have no effect for periods before 1996 or 1997 (depending on the circumstances). This means that any business which failed to claim input VAT or paid too much output VAT and either failed to claim at the time or which did claim but found the period for which it could claim curtailed by the three year cap should now review the position with a view



to claiming the VAT it was prevented from claiming back in the 1990s.

In theory, claims could go back as far as 1973!

In addition, there are other current opportunities for travel agents to recover VAT.

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

David Bennett
VAT Partner
020 7841 4052



LION HOUSE RED LION STREET LONDON WC1R 4GB
T 020 7841 4000 F 020 7841 4100
E david.bennett@saffery.com W www.saffery.com

Offices in: Bournemouth | Bristol | Edinburgh | Guernsey | High Wycombe | Inverness | London | Manchester | Peterborough | Yorkshire



Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities.
No responsibility for loss occasioned to any person acting on or refraining from action as a result of the material in this leaflet can be accepted by Saffery Champness. J2426.