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FOR IMMEDIATE RELEASE
February 2007

HOUSING CHARITIES GET VAT BOOST

By Hillier Hopkins LLP

Partner Robert Twydle

Home Counties based Chartered Accountants and Tax Advisers, Hillier Hopkins has welcomed the news of a potential VAT boost for housing charities across the region, as the direct result of a recent VAT and Duties Tribunal decision.

Following the case, voluntary and not-for-profit organisations, who are often forced to house individuals in bed and breakfast accommodation for long periods of time, are set to make substantial VAT savings.

At present, VAT charged on accommodation when a guest has stayed for a period longer than 28 days, can be charged at a lower rate. However, this reduced rate does not apply when a third party, such as a local authority or charity, is responsible for settling the account.

Owing to the tribunal decision, the VAT reduction will now apply in all cases, no matter who is responsible for paying the bill, so long as the occupant stays in the accommodation consecutively for 28 days or more.

Robert Twydle, Partner at Hillier Hopkins comments: "It is not very often that charities are permitted to benefit from any type of VAT allowance. Therefore this will come as welcome news for housing charities around the region who will effectively have their VAT obligations greatly reduced."

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Word count 226

Source – HMRC, Business Brief 15/06 27 September 2006