

Has the arrival of convenience shooting brought with it a close inspection by the Inland Revenue and Customs and Excise, now known as HMRC?

Is the game-shooting industry under scrutiny from the taxman? There is a special Norwich 'hit team' (pun intended!), which has set up a special drive (please don't think driven grouse) to collect all of the extra 'tax take' and now it has expanded nationwide. The chief 'hitman', John Spelling, says that it has achieved an extra VAT collection of approximately £19,000 a visit – this would cause some smaller shoots to cease operation.

What are the VAT bullet points shoot organisers should be aware of?

- Small private shoots with income of more than £61,000 (the registration limit for 2006/2007) not achieving the non-commercial criteria and failing to register for VAT and possibly collecting large amounts of VAT penalties as a result.
- VAT registered farmers/landowners running the shoot as part of the farm but not charging VAT on the shoot income.
- Farmer/landowner leasing the shooting rights (and possibly other services) to a syndicate in return for a few days shooting. The 'right to take game' is subject to a VAT charge. The landowner should charge output VAT on the shoot income. The landowner should charge VAT on the supply of shooting rights and possibly the supply of the services of a gamekeeper, even if no money changes hands, i.e. barter of the supply of shooting rights in return for a few days shooting.

The sale of dead game to the guns is a zero-rated VAT supply as it is a food supply. There are arguments to support the charge for the shooting rights being divided between the zero-rated for VAT lease of land and the standard rated VAT supply of the "right to take game".

What action should the shoot managers take? Clearly, professional advice should be sought, perhaps assess the 'code of good shooting VAT practice' for each and every shoot operation before the VAT man does, i.e. establish the exact legal structure of the shoot and ensure everything tallies? For example, the VAT officers are looking for the artificial separation of businesses as a way that they consider the shooting industry might look at avoiding charging VAT. However, these business divisions are often very genuine, with, for example, the landowner trading in the main farm activity and the shoot being run by the farmer, his wife and perhaps some children and the activity is genuinely below the VAT registration limit. If this is the case then the shoot should try and ensure that the shoot website, literature, accounting records and facts of how the shoot is run all 'sing the same song'. A confused mix of detail just gives the VAT inspector weakness to attack

The taxman cometh...
Julie Butler advises shoots
on how to keep within the law



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VAT – WHAT SHOOT MANAGERS NEED TO KNOW

and opportunities to collect more. In the combined Tax and VAT newsletter, of what was previously known as the Tax Office and Customs and Excise, 'ONEHMRC' stated that game-shooting has a turnover of £1.6 billion per annum and employs a workforce of 70,000.

If you are a member of a shooting syndicate and you are worried that the manager (while providing high-flying birds, wonderful sport, and great hospitality) perhaps neglects the paperwork from time to time, then possibly it is worth looking just a little deeper at the VAT compliance.

It is accepted that the prime objectives of

the landowner and shoot manager are no doubt the land management, the consideration of the habitat and the vermin control arising from comprehensive keeping, but VAT compliance is an objective needing due consideration.

To contact Julie Butler F.C.A., email j.butler@butler-co.co.uk Julie is the author of Tax Planning for Farm and Land Diversification ISBN: 0754517691 (first edition) and ISBN: 0754522180 (second edition) and Equine Tax Planning ISBN: 0406966540. To order a copy call Tottel Publishing on 01444 416119.