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## **BIG DISAPPOINTMENT FOR TRADES IN TUITION**

**By Hillier Hopkins LLP**

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Following a recently overturned VAT case decision, Home Counties based accountants and tax advisers, Hillier Hopkins, is warning local training organisations and private tuition providers of the increasingly strict Value Added Tax (VAT) protocols attached to the trade.

A recent high profile case saw limited training company, Empowerment Enterprise issue an appeal as to whether VAT is chargeable on tuition provided by the respondents to students, where the tuition is carried out by teachers who are employees of the respondents.

A VAT tribunal decision asserted that HM Revenue and Customs was not abiding to protocols issued in EU law and thus Empowerment Enterprises should not have VAT assessed on tuition given by limited companies.

HMRC, however, fought back and argued that, whilst sole traders and partnerships could benefit from a separate charge, tuition provided by limited companies was liable for standard rate VAT.

The case was recently taken to the Scottish Court of Session, which saw the judge overrule the tribunal's verdict, having preferred the view of HMRC.

Robert comments: "The decision will undoubtedly come as a big blow for companies in the tuition trade; from dance schools to private tutors, the whole industry will be affected greatly.

"It is highly evident that there is little room for debate with regards to VAT in the sector and thus it is increasingly important for budding businesses to be fully aware of the varying protocols before they fully establish themselves. With a bit of thinking ahead and the right professional support, such high VAT charges may be avoided."

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