

VILLAGE HALL VAT REGISTRATION AND INVESTMENT FUND

When the hall was rebuilt in 2001, the Committee raised £22k from the village and got a grant of the remainder from The Lottery Fund.

The original hall was a 1950's prefab building to which, in the 1980's the village added a new front cloakroom section and rear kitchen storage and committee room section.

Due to this history, the Committee could not justify a complete demolition and rebuild in 2001 and hence, despite exploring all routes with the VAT office, were forced to pay VAT on the entire build works which amounted to something in the order of £23K.

Following completion of the new hall, the Committee discussed" voluntarily registering for VAT" retrospectively in order to get £23,000 back. The merits would mean a cushion of funds available to protect against the previously stressful hand to mouth existence and the constant anxiety of being in debt with repairs. The negatives were the regular VAT returns and the fact that VAT would need to be added to all user's hire charges and any other services we sold. As the Inland Revenue are unlikely to make any income out of the Hall registration, it is incumbent on us to remain registered for at least 20 years

On balance the Committee felt that the merits outweighed negatives with the critical proviso that the hall found a way of absorbing the VAT so that users still enjoyed the same low hire rates. This has been achievable by using the interest from investing the sum to repay the VAT element. The Committee unanimously agreed that the main body of the investment should irrevocably be ring-fencing to support VAT payments, only making it prudently available to support fundraising, for capital or repair projects and that it should never be used in its entirety or for general expenditure.

Subsequent Note: The Village Hall Committee deregistered for VAT in June 2023