



Adding VAT to membership subscriptions

Deciding whether to add VAT to your membership subscriptions can be challenging. It's important to remember that VAT treatment of subscriptions is a highly complex area, and any mistakes could land you in hot water with HMRC, particularly given that HMRC officials can investigate mistakes made up to four years ago.

Oddly enough, charging too much VAT could be just as bad as charging too little. For example, if it's deemed that you should have treated your subscriptions as VAT-exempt, it's likely that you won't be refunded for having charged VAT, unless you return the money to the individual members who paid it. HMRC may also seek to recover any VAT claimed on costs and expenses related to subscriptions (if it turns out that they should have been VAT-exempt).

The treatment of subscriptions depends on a range of factors:

- Whether you are a commercial or not-for-profit organisation
- Main purpose of the organisation
- Type of admissible members
- Range of services supplied in return for subscriptions
- Location of members
- Whether you're entitled (and choose) to use different VAT rates for certain subscriptions.

If in any doubt, please give our accounting specialists a call on 01787 226995.