

## VAT Refund Opportunity 1973 to 1997

Members of IVCA should be aware of the opportunity to get windfall VAT payments if they make claims by **31 March 2009**. The decision in the “Conde Nast” VAT case at the House of Lords says that businesses have until 31 March to submit claims for VAT overpaid or under claimed from 1973 to 1997.

The Conde Nast ruling confirmed that the 3 year limit imposed by HM Revenue & Customs on taxpayers seeking VAT refunds was incorrectly introduced in 1996 because no transitional period was allowed. This means that a current window of opportunity exists to claim back output tax overpaid before 6 December 1996 or input tax under claimed before 1 May 1997.

The opportunity is exciting because prior to 1997 there were numerous cost areas where the rules at the time said VAT could not be recovered, but in later years the courts confirmed that the VAT was recoverable. Staff entertainment costs, stock exchange listing costs and other M&A expenses are amongst several examples.

There are also many instances where VAT could have been recovered pre 1997, but for a variety of reasons it was not. Claims to HMRC are being submitted for under claimed VAT on a range of normal business expenses such as staff subsistence costs, petty cash expenditure, import VAT, mileage payments, fuel costs and legal expenses.

If a business incurred staff entertainment costs of £20,000 a year during the 1980s and 1990s the VAT refund could be £3,000 per year. A ten year claim together with an interest award could be £60,000 or more. Obviously, the higher the levels of expenditure and the longer ago the claim, then the higher the repayments will be.

Many businesses wrongly think they cannot make Conde Nast claims because they do not know what VAT they recovered in the past or they would not have records to support a claim. We can work with you to quickly establish whether your business may have claims to make. We also have extensive experience of taking current data and extrapolating it historically into a claim format that HMRC will accept.

In the current economic climate all businesses are looking for cash. The Conde Nast opportunity for VAT and interest claims will expire on **31 March**. We have linked up with Tenon the accountants and business advisors to work with members to get claims submitted. They have agreed with the IVCA that they will work on a no win no fee basis, so there is no cost to pay unless a repayment is received.

It should only take a phone call to establish whether a claim should be possible. To find out if you can make a claim and for assistance in getting claims submitted please contact Rob Coles, National Head of Indirect Tax at Tenon on 020 7535 5565.