

VAT treatment of the provision of sporting facilities

This document should be read in conjunction with Section 18, paragraph 3(4) of Schedule 1 and paragraph 12 of Schedule 3 of the VAT Consolidation Act 2010 (VATCA).

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Introduction

This guidance sets out the VAT treatment of the provision of facilities for taking part in sporting activities and closely related activities. The VAT treatment applicable is determined by whether the service is provided by a commercial provider, a non-profit making organisation or a public body.

1 Provision of sporting facilities

The provision by a person (other than a non-profit making organisation) of facilities for taking part in sporting activities including golf or physical education activities, and closely related activities are taxable at the second reduced rate, currently 9%. Where the sporting facilities are provided on a commercial basis, the provider is obliged to register and account for VAT in respect of their taxable income at the appropriate rates where their total taxable income exceeds or is likely to exceed the registration thresholds in any 12-month period.

1.1 Provision of sports facilities by a non-profit making organisation

The provision by a non-profit making organisation of facilities for taking part in sporting activities including golf or physical education activities, or services closely related to the provision of those facilities are exempt from VAT.

In deciding what is a non-profit making organisation the Revenue Commissioners will have regard to a range of factors. These include the club's constitution and articles of association, the manner in which the organisation is managed and administered and the manner in which surpluses are dealt with by the club. A non-distribution of profit/surplus clause in the constitution of the organisation does not, in itself, determine that an organisation is a non-profit making one.

1.2 Provision of sports facilities by a public body

A VAT registered public body providing sports facilities must account for VAT at the second reduced rate.

2 What are facilities for taking part in sporting or physical education activities?

Facilities for taking part in sporting activities include premises used, designed or adapted for taking part in sporting or physical education activities. These include, swimming pools, gymnasiums, leisure centres, bowling alleys, driving ranges, lands let for fishing or shooting and outdoor centres that cater for water and adventure activities.

Facilities for taking part in sporting or physical education activities do not include:

- facilities provided for activities which do not amount to a sport, for example, board or card games, computer or video games or amusement machines.

3 What are services “closely related” to the provision of such facilities?

The provision of equipment, such as tennis racquets, golf clubs and wetsuits, to persons taking part in sporting or physical education activities are regarded as services closely related to such facilities.

Where services closely related to the provision of such facilities are provided without a separate charge the same reduced rate also applies. Where such services are provided for a separate charge, they are liable to VAT at the standard rate.

4 Determination under Section 18 of the VAT Consolidation Act 2010 (VATCA).

Where a non-profit making organisation provides facilities for taking part in sporting and physical education activities, in excess of the appropriate specified limit, and the Revenue Commissioners are satisfied that:

- the exemption of the service puts a commercial rival at a competitive disadvantage

or

- the services are actually operating behind a “not-for-profit” façade.

The Revenue Commissioners shall issue a determination in relation to some or all the services provided specifying that the service or services are deemed to be taxable for the purpose of VAT. Where a determination is issued, VAT is chargeable at the second reduced rate. Where a distortion of competition no longer exists the Revenue Commissioners may cancel the determination.

5 Promotion of and Admissions to Sporting Events

VAT liability applies only to charges made for the provision of facilities for partaking in sporting activities. Admission to sporting events, as well as receipts arising from promotion of sporting events by non-profit making organisations, are exempt from VAT.