



The Charity Tax Group Bulletin

Welcome to our January 2025 Bulletin!

We are excited to bring you our latest bulletin. In this edition we focus on the Yorkshire Agricultural Society Upper Tribunal Decision.

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Charity Tax Group

Yorkshire Agricultural Society Upper Tribunal Decision - another win for Yorkshire common sense

My overriding memory of visiting the Yorkshire Show in the 1980s was that as soon as we parked up, a man from HMC&E arrived to sample the contents of our fuel tank to check that we were not running on red diesel (thankfully we were not!). But this, as you will probably know was a completely different question about whether the show qualified as a fundraising event within the VAT exemption, and the good news for the show is that the Upper Tribunal released its decision on 9th January, finding once again in favour of the taxpayer [\[2025\] UKUT 00004 \(TCC\)](#).

For those not from Yorkshire, the Yorkshire Agricultural Society (YAS) was founded in 1837 and is a membership organisation with more than 12,000 members, a charitable company limited by guarantee and a registered charity. The charity is best known for running the annual Great Yorkshire Show in Harrogate which as well as furthering the charity's objects of supporting farmers and educating the general public about farming and the countryside, returns a healthy surplus that is then used to support the organisation in achieving its charitable objects.

YAS successfully argued that the Great Yorkshire Show was a fundraising event within Group 12 of Schedule 9 VATA 1994 at the First Tier Tribunal. HMRC appealed this decision in relation to only one of the periods in question.

There were two strands to HMRC's arguments which centred around the second and third conditions set out in legislation that the event must be an event "whose primary purpose is the raising of money" and "that is promoted as being primarily for the raising of money".

Although the taxpayer won, the UT did find that the FTT erred in law in construing Item 1(b) as describing an event of which one important purpose was fund-raising. However, they did agree with the FTT's alternative interpretation that "the requirement in Item 1(b) was not failed in a situation where, as a matter of fact, the primary purpose of the event consisted of fund-raising which was inextricably intertwined with the furthering of the charity's charitable purposes".

On HMRC's second argument, the UT agreed with the FTT's interpretation that Item 1(c) had not been correctly adopted into UK law and did not conform with Article 132(1)(o) of the Principal VAT Directive, which required that the event be "promoted as being for the raising of money", the word primarily being absent. Therefore, on the basis of the FTT's finding of fact, the UT agreed that the Great Yorkshire Show satisfied this requirement, and so HMRC's appeal was dismissed.

In terms of what this means for charities. This first takeaway is that it is good news that the FTT and UT took a practical approach to interpreting the law in that it would be ridiculous to allow a fundraising event which had no connection to a charity's primary purpose but reject one that not only raised funds but also furthered the charity's objectives. The second takeaway is that unlike some other instances where taxpayers have tried to argue that the fundraising exemption should apply, YAS had their house in order. It was very clear to those attending the show that it was a fundraiser (as well as a great day out!). As we said in our Tip of the Year, the very best way to manage tax well is to get the basics right!



Digital Markets, Competition and Consumers Act 2024 and Gift Aid

We have received a number of questions about the impact of the new Digital Markets, Competition and Consumers Act 2024 (DMCCA) on Gift Aid, in particular where charities offer annual memberships. Although we cannot share any details at the present time, we would like to confirm that we are speaking to HMRC about how we maintain the current status that annual memberships do qualify for Gift Aid. We should be able to provide a more detailed update in the near future.

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