

Registration of Trade Protection Associations

This document should be read in conjunction with paragraph 3(3) of Schedule 1 to the VAT Consolidation Act 2010 (VATCA 2010)

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1 Trade Protection Associations (TPAs)

The supply of services by trade protection associations is exempt from VAT under paragraph 3(3) of Schedule 1 to the VAT Consolidation Act 2010:

“supply of services and of goods closely related thereto for the benefit of their members by non-profit organisations whose aims are primarily of a political, trade union, religious, patriotic, philosophical, philanthropic or civic nature where such supply is made without payment other than the payment of any membership subscription”.

2 Revenue practice in relation to the registration of TPAs.

Current practice is not to register TPAs for VAT in respect of services listed at paragraph 3(3) of Schedule 1 to the VAT Consolidation Act 2010 (as amended).

However, where such associations provide taxable goods or services to their members or any other person **(in addition to the services referred to in paragraph 3(3) of Schedule 1, above)** in excess of the relevant registration [threshold](#), or where the taxable turnover is less than the threshold but the association elects to register, then the association should register and account for VAT in respect of those additional supplies which are taxable.

3 Taxable / exempt supplies and deductible VAT.

Whereas the membership fees charged by the association to its members will continue to be treated as exempt in accordance with paragraph 3(3) of Schedule 1, TPAs, where registered, will also have taxable income from the provision of taxable services/goods to its' members.

The association may claim a deduction in respect of VAT on expenditure which is directly attributable to its taxable supplies [subject to the usual restrictions provided for in section 60 of the VAT Consolidation Act 2010], and will also be entitled to reclaim a certain proportion of the VAT on expenditure, which although not directly attributable to either the taxable or exempt output, is common to both [section 61 of the VAT Consolidation Act 2010 refers].

The proportion to be deducted in these circumstances is normally determined in accordance with Regulation 17 of the 2010 VAT Regulations and can be based on the ratio of taxable to total turnover, or some other basis agreed with the association's compliance branch.

4 TPAs – Invoicing of membership fees/other charges for taxable services.

Where TPAs are registered in respect of the supply of taxable goods or services, as outlined above, the amount which is liable to VAT is that which the association charges for the provision of those specific taxable goods or services. The membership fee remains exempt under the provision of paragraph 3(3) of Schedule 1 to the VAT Consolidation Act 2010.

Where the members are taxable persons, they are entitled to receive VAT invoices in accordance with section 66(1) of the VAT Consolidation Act 2010 in respect of taxable goods or services received from the TPA, and may themselves reclaim the VAT shown thereon, where it is for the purposes of their taxable supplies.