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Press and Information

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Judgment of the Court of Justice in Case C-253/07

Canterbury Hockey Club and Canterbury Ladies Hockey Club v The Commissioners for H.M. Revenue and Customs

**SERVICES SUPPLIED TO SPORTS CLUBS MAY, SUBJECT TO CERTAIN
CONDITIONS, BE EXEMPT FROM VAT**

Services closely linked and essential to sport supplied by a non-profit-making organisation are exempt. Moreover, the true beneficiaries of those services must be persons taking part in sport

Under the Sixth VAT Directive¹, certain services closely linked to sport, supplied by a non-profit-making organisation to persons taking part in sport, are to be exempt from VAT.

Canterbury Hockey Club and Canterbury Ladies Hockey Club field several hockey teams. Their members pay annual subscriptions to the clubs, which are unincorporated associations.

The clubs are themselves members of England Hockey, a non-profit-making organisation for the encouragement and development of the playing of hockey in England. The clubs pay England Hockey affiliation fees, in consideration for which England Hockey provides its members with certain services, namely a club accreditation scheme, courses for coaches, umpires, teachers and young persons, a network of hockey development offices, facilities for accessing government and lottery funding, advice on marketing and obtaining sponsorship, club management services and insurance, and the organisation of competitions for teams.

The Commissioners for H.M. Revenue and Customs, the UK tax authority, notified England Hockey that the affiliation fees it received should be subject to VAT. As the hockey clubs were not persons taking part in sport, those supplies of services did not fall within the exemption.

The clubs appealed against that decision. The High Court of Justice, before which the case has come, asked the Court of Justice whether the term ‘persons’, in the context of the exemption, includes corporate persons and unincorporated associations or whether it covers only natural persons.

The Court notes that the exemption does not apply only to certain types of sport but covers sport in general, which also includes sports necessarily practised by individuals in groups of persons or

¹ Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes – Common system of value added tax: uniform basis of assessment (OJ 1977 L 145, p. 1).

in clubs. Sport within such a structure generally entails that, for practical, organisational or administrative reasons, the individual does not himself organise the services which are essential to participation in the sport, but that the club organises and puts those services in place, as, for example, the provision of a pitch or referee. Thus, if the exemption were interpreted as meaning that it requires that the services be supplied to natural persons taking part in sport in a sports club, the result would be that a large number of supplies of services would be automatically and inevitably excluded from the benefit of that exemption. Such a result would run counter to the purpose of the exemption which is to extend the benefit of that exemption to services supplied to individuals taking part in sport. In addition, such an interpretation would not be consistent with the principle of fiscal neutrality inherent in the common system of VAT.

Accordingly, the Court holds that, in order to ensure the effective application of the exemption, it must be interpreted as meaning that **services supplied in connection with, among others, sports practised in groups of persons or in sports clubs are, generally, eligible to benefit from the exemption from VAT.**

However, the Court notes that **to be eligible for that exemption, the services must satisfy three conditions:**

- They must be supplied by a non-profit-making organisation;
- they must be closely linked and essential to sport; and
- the true beneficiaries of those services must be persons taking part in sport.

Supplies of services which do not meet those criteria, particularly those linked to sports clubs and to their operation such as, for example, advice about marketing and obtaining sponsors, **cannot be exempted.**

Finally, the Court points out that the services are not eligible for the exemption if their basic purpose is to obtain additional income for the organisation by carrying out transactions in direct competition with commercial enterprises liable for VAT.

It is for the High Court of Justice to determine whether the services supplied by England Hockey to the hockey clubs satisfy those conditions.

Unofficial document for media use, not binding on the Court of Justice.

Languages available: FR, DE, EN, ES, EL, IT, NL, PT, RO

The full text of the judgment may be found on the Court's internet site

<http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=EN&Submit=rechercher&numaff=C-253/07>

It can usually be consulted after midday (CET) on the day judgment is delivered.

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