



VAT needs one rule for all

As **Lodewijk Klootwijk** of the EGCOA writes, it's time for a change across Europe on the subject of VAT.

■ One of the most discussed subjects in the golfing industry is the rate of Value Added Tax (VAT) levied on a round of golf, and the often huge variances in duty between proprietary clubs and members clubs.

From 25 per cent on yearly fees and green fees in Denmark for 'commercial' courses and a zero rate for 'non-commercial' courses, to golf course owners in countries like the Netherlands who pay a lower rate of just six per cent, the subject of VAT is often cause for concern to many golf course owners.

Various VAT levels result in false competition between golf clubs and can have a detrimental effect on the development of the game with the 'commercial' clubs — who traditionally promote and teach new golfers — having to charge VAT whilst their 'non-commercial' counterparts do not.

Research has proven that there is a positive effect of playing golf, especially within the

older age category, and furthermore, golf is one of the few sports that can be played by both young and old, no matter what their ability.

All these positive effects for society are enough reasons to claim that it is time to lower the VAT threshold on golf and standardise rates throughout Europe.

In the current European legislation, so called 'not-for-profit' golf courses or 'member-owned' courses are VAT exempt and as a result members and green fee players pay their fee without any tax being added, and this is the case in most countries in Europe.

Commercially driven golf courses are obliged to charge VAT on their green fees and yearly membership fees, and in some countries like the Netherlands and Sweden there is a special low VAT rate of six per cent. However, in countries like Denmark, commercial golf courses are forced to charge as much as 25 per cent in tax.

For an average golf course, this represents roughly €250,000 in VAT to be paid every year. These courses in Denmark compete with non-commercial golf courses that do not have to pay this yearly amount, but also with courses in other European countries that pay different, mostly lower, rates.



This obviously affects the membership fees that clubs across Europe charge, and typically 'commercial' clubs have to charge more than their 'non-commercial' counterparts.

At the EGCOA, we believe that the current regulations on VAT are not only unfair, but very likely illegal.

Legislation from the European Union forbids governments to give parts of an industry an advantage over others in the same industry, but this appears not to apply in the golf business.

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So is it time for a change, and can we use golfers health as leverage to standardise the VAT regulations across Europe?

Well, Swedish research has shown that golf is a very healthy past time, and golfers live on average four years longer than non-golfers.

Golf is one of the few sports people can enjoy during later life, and golf also has social benefits as well. Research shows that a lot of elderly people feel lonely in later life, whilst golfers enjoy their social network as a member of a golf club.

Besides this, more players out on the golf course also means a need for more staff working at the golf club.



And in times of high unemployment, surely it is reasonable to claim that it is beneficial to grow the game.

In recent years, the European Commission has changed its directive on VAT six times, and in 2002 an amendment was made stipulating that the reduction of VAT could be applied to sports.

Following this directive, the Dutch Government lowered the rate of VAT for commercial golf in the Netherlands from 19 per cent to six per cent, resulting in a very strong growth period ever since.

In addition, the average number of rounds on an 18-hole golf course has increased from 36,464 in 2002 to 46,947 in 2007 – whilst the number of staff employed per golf club has increased from nine to 13 in the same period.

Profits also grew during the same period, so it is clear to see that in the Netherlands a reduced rate for VAT has had a positive influence on the development of golf and the golf business in general.

More people play golf when VAT is set at a reduced rate, more people will be employed and more revenue will be made. The time is right to lower the VAT rate all over Europe. **GME**



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