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The Right Honourable Philip Hammond, MP  
The Chancellor of the Exchequer  
The Treasury  
11, Downing Street  
London SW1A 1AA

16 September 2017

Dear Chancellor

**VAT refund/grant scheme for improvement of charitable Village Halls and similar Rural Community Buildings**

I write to ask you to address in the Autumn Budget the urgent need for a VAT refund/grant scheme on refurbishment and extension works to charitable village halls and similar community buildings.

From previous exchanges with your colleagues, we know that the Government recognises the importance of village halls and community buildings. However it is becoming increasingly urgent to improve and extend older buildings so they serve their communities better in the light of an ageing population and the new 30 hours/week entitlement to pre-school education, which is creating problems where pre-schools share space in village and church halls with other activities.

We have been told that there are no plans to provide further VAT relief for village halls, yet a modest £3 million p.a. VAT refund scheme would deliver immediate social and economic benefits during the nerviness of Brexit negotiations. It would clearly signal how our departure from the EU would benefit grassroots communities throughout the UK. It would do this by addressing the particular anomaly created by EC VAT rules between building new village halls (for which the UK Government supported ACRE's case to the EC VAT Commissioner for continued 0% VAT in 1989) and 20% VAT on refurbishing elderly halls. 60% of these halls date from the period after World War 1, many built as Memorials to those who gave their lives in the service of the country.

We recognise that the Government's support for ACRE helps with the cost of the ACRE Network advisory service assisting volunteers running village and community halls. But our role in supporting rural communities is quite separate from the direct taxation of building projects, which falls as a heavy burden on individual communities where so much time is expended fundraising for VAT when it should be spent on getting projects on site, thereby creating jobs and social benefit. We recognise also the value to charities of Gift Aid. However, the amount raised by an individual hall through Gift Aid nowhere matches the cost of VAT on a refurbishment project: while Gift Aid reclaims may contribute a few thousand pounds, VAT amounts to £40,000 on a £200,000 refurbishment. We believe both that a more closely targeted approach is needed and also that there is now a precedent in the VAT refund schemes for search and rescue services, hospices and historic churches.

I do hope that this Budget may be the opportunity for this anomaly to be rectified. I therefore attach the case made to the Treasury earlier this year, which details the 10 benefits of a VAT refund scheme for village and community halls and addresses other Brexit tax issues affecting them.

Yours sincerely,

David Emerson, CBE.