



VAT on Fund Management charges

JP Morgan Claverhouse Investment Trust plc v Commissioners of HM Revenue & Customs (“**Claverhouse**”) was a tax case concerning whether fund management services supplied to an investment trust company are exempt from VAT.

Claverhouse was a case referred to the European Court of Justice whose judgment given last year decided that such fund management services should indeed be exempt from VAT.

There is a question whether the VAT exemption should apply to services provided by investment managers to occupational pension schemes. HMRC are unsurprisingly denying that Claverhouse can apply.

A very recent development is that the National Association of Pension Funds (“**NAPF**”) is working towards running a test case, which (if successful) may mean sizeable refunds of VAT for pension schemes. NAPF is looking for pension schemes to join the fighting fund.

Whether or not you decide to do that, it would be advisable to lodge protective claims with HMRC. The urgency is that it is only possible to claim VAT for three years prior to making a claim with HMRC (although that three year limitation period can be expected to itself be subject to the legal challenge).

We can assist you with the making of a protective claim, as well as advising you more generally on this issue.

If you would like to discuss any of the issues in this Alert, please speak to your regular contact in the Pensions Group or contact:

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