

ACPNS LEGAL CASE REPORTS SERIES

This series compiles short summaries of significant cases involving charitable, philanthropic, nonprofit and social enterprise organisations in Australia and overseas.



UNITED GRAND LODGE OF ENGLAND v HMRC [2021] UKFTT 308 (TC)

First Tier Tribunal, Tax Chamber, Sinfield J, 1 September 2021

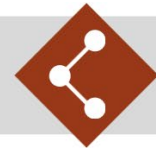
Whether the aims of the United Grand Lodge of England were of a philosophical, philanthropic or civic nature for Value Added Tax (VAT) purposes.

Key words: Freemasons, England, VAT, Philosophical, Philanthropic or Civic Purposes

1. The United Grand Lodge of England (UGLE) is the governing body for the majority of Freemasons in England and Wales.
2. In 2014 and 2018, UGLE made two claims for repayment of VAT for the VAT periods 06/10 – 03/18. The VAT had been levied by UGLE on membership fees charged by UGLE to Freemasons. The total amount claimed was £2.83 million.
3. The basis of UGLE's claim for repayment was that in the period April 2010 to March 2018 its supplies to its members were exempt under Article 132(1)(l) of Council Directive 2006/112/EC (Principal VAT Directive or 'PVD') and Item 1(e) of Group 9 of Schedule 9 to the VAT Act 1994 because its main aims were of a philosophical, philanthropic or civic nature.
4. The respondent HMRC rejected the claim on the ground that the supplies to members were properly taxable. UGLE appealed to the First-tier Tribunal (FTT) against HMRC's refusal to pay back the amount claimed.
5. HMRC accepted that, during the relevant period, UGLE's aims included aims of a philosophical, philanthropic and civic nature. It contended, however, that those aims did not exempt UGLE's services to its members because:
 - a) the aims were not UGLE's sole main aim or aims; and
 - b) even if they were, the aims were not in the public domain.
6. UGLE accepted that it had multiple aims during the period under consideration. However, it contended that all that was necessary was for UGLE's main aim or aims to be philosophical, philanthropic and/or civic in order to qualify for the exemption from VAT.
7. Therefore, the only issue in the appeal was whether, between June 2010 and March 2018, UGLE had aims of a philosophical, philanthropic or civic nature which were, separately or together, its main aim or aims.

8. The FTT agreed that UGLE had a philosophic aim, but not a philanthropic or civic aim within Article 132(1)(l) PVD that would lead to exemption from VAT. While UGLE had a philanthropic aim of a general sort, in that it encouraged giving to charity, its main ‘philanthropic’ aim was to provide relief for other freemasons and their dependants.
9. Therefore, UGLE was not exempt from VAT on the fees paid by members. The appeal was dismissed.

IMPLICATIONS



The United Grand Lodge admitted to having multiple aims, and it was interesting that the aims referred to by the parties were those on its website (<https://www.ugle.org.uk/>). It refers to itself on that site as: “One of the oldest secular social and charitable organisations in the world”. It states that it gave £51.1 million to “deserving causes” in 2020.

However, the FTT, while finding that Freemasonry had a clear philosophical aim, said that its main principle of philanthropy was directed to its own members and their dependants in distress, and its secular and social aims were not “civic” aims for the purposes of VAT.

VIEW THE CASE



This case may be viewed at <https://www.bailii.org/uk/cases/UKFTT/TC/2021/TC08250.pdf>

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