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# Taxman was skating on thin ice

David Byers  
Saturday September 26 2020, 12:01am, The Times  
Personal finance



A company that runs a chain of ice rinks has won a first-tier tax tribunal against HMRC. ALAMY

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An ice rink, an indoor ski centre and a hire car company have all defeated the taxman over claims that they had not paid the right VAT.

Planet Ice, which runs 14 ice rinks across England, is the latest company to win a first-tier tax tribunal against HMRC. The taxman had claimed that skaters paying for Planet Ice's Skate with Skates package ought to have been subject to standard VAT at 20 per cent. Planet Ice said that a portion of the charge was purely for skate hire, and so tax exempt because it constituted a supply of children's footwear.

The price charged for the Skate with Skates package depended on the time of day, but it usually came to £10, with rink admission £8 and skate hire £2.

"Each supply stands on its own and it would not be artificial to split the package into its two separate components. Therefore, Planet Ice was entitled to treat the element attributable to skate hire as zero-rated," Sarah Halsted, a VAT expert at the tax adviser RSM said.

The verdict was the latest in a series of cases where HMRC has unsuccessfully tried to disallow a tax-exempt supply by claiming it was only a small part of a larger taxable activity.

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The indoor snow centre Snow Factor in Glasgow successfully argued that it was owed £20,000 in overpaid VAT because HMRC wrongly claimed its tax-exempt lift passes were an irrelevant part of its overall admission price, which was taxable.

Europcar, a car hire company, was awarded £631,000 after a judge ruled that it paid too much tax when hiring out child car seats. It was found that the company should have been liable for a reduced VAT rate of 5 per cent when it rented out car seats, and a standard rate to rent out a vehicle. Instead, it had paid 20 per cent on both for seven years.

HMRC did not appeal in the Snow Factor or Europcar cases. A spokesman said it was considering whether to appeal against the Planet Ice verdict.

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**N Nicola Rowe** 5 DAYS AGO  
The terminology used, when it comes to VAT, is often incorrect as it is here. A VAT registered company doesn't "pay" VAT on its sales (only on its purchases) - it "charges" VAT to its customers, collects it, and then passes it on to HMRC. So, if Europcar has been charging - and collecting - too much VAT from its hirers, for child car seats, the subsequent VAT repayment should find its way back to the consumer.

**E Essex Man** 3 DAYS AGO | [↔](#) Nicola Rowe  
should find its way back to the consumer.  
  
This is only correct if the charge is shown as "plus VAT". Where it includes VAT as most items do the consumer wouldn't expect a refund.  
  
With regard to the current reduced rate of 5% in the hospitality industry, I know McDonalds have reduce total price for lower vat rate but my impression is that not too many others are doing so

**R RICHARD WATSON** 4 DAYS AGO | [↔](#) Nicola Rowe  
Agreed. Moreover most of what is described as exempt is zero rated. The difference matters.

**A Alan Layne** 5 DAYS AGO | [↔](#) Nicola Rowe  
Imagined conversation at Planet Ice: "But what if we rent out the skates and then give each child a Jaffa cake..."

**P Paul C** 5 DAYS AGO  
Good for Planet Ice. Hate Eurocar.

**L LoveBizz83** 5 DAYS AGO  
HMRC is a shockingly bad and downright dangerous organisation made up of people with chips on their measly shoulders. They can simply make up figures with little to no oversight and wreck peoples lives with no consequences. Their powers should be reigned back in after being widened far too much over the past decade.

**H high-torque wrap** 5 DAYS AGO | [↔](#) LoveBizz83  
They may be Her Majesty's Revenue and Customs, but it should still be "reined".

**J Jane Eyre** 5 DAYS AGO | [↔](#) LoveBizz83  
HMRC are a maverick bunch, aren't they.

**C ChunkyPiping** 4 DAYS AGO | [↔](#) Jane Eyre  
Wild and crazy people, every single one

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