

VAT ASPECTS OF EVENTS ORGANISED BY ASSOCIATIONS

Non-profit organisations or associations, in Europe and outside Europe, below referred to as “NPO”, holding events (training, seminar, conference, annual congress and such) in a place situated in a country of the European Union have to deal with VAT (indirect tax) issues.



NPOs often focus on the scientific aspects of the event and entrust a Professional Congress Organiser (or PCO) with all the logistic and management activities essential for and specific to the achievement of events (management of registrations, catering, invitation, meeting rooms, flight, hotel accommodation, transfer, etc.).

However, VAT obligations are relevant to the NPO itself and non-compliant ones may face a risks exposure involving payment of VAT (between 15% and 27%), administrative penalties (up to 30% of the VAT) and late payment interests.

LOCAL VAT ON REVENUES - VAT LIABILITY AND REGISTRATION

The most frequent incomes generated by events are the followings:

- *registration fees*: the registration fees paid by the participants giving them the right to attend the scientific sessions as well as access to the exhibition grounds (mainly commercial companies exhibiting their products) and in general to the venue of event;
- *rental of exhibition stands* to commercial companies;
- *Sponsorship* and advertising.

Each revenue generated by the organiser has a specific VAT treatment.

Your organisation should pay attention to possible mandatory **VAT registration and VAT liability** in the EU country where the event physically takes place.

Right of admission (i.e. registration fees) to events such as conference, seminar, congress etc. is subject to VAT in the country where the event effectively takes place indeed. Re-invoicing of catering services, hotel accommodation costs, guided tour, etc. is also subject to local VAT (at its own VAT rates).

Your organisation should therefore basically **be VAT-registered in the country and charge local VAT** - unless your event could fall into the scope of educational activities exempted from VAT¹ in accordance with country-by-country local regulations².

VAT IN YOUR RELATIONSHIP WITH A PCO

Proper invoicing is necessary whilst one performs a supply of service. Since a PCO does not bear the financial risk entailed in NPO's events, the invoicing process between a PCO and a NPO must be consistently implemented. The invoices regarding registration fees and other related congress fees must be issued in the name of the NPO although payments could be received, managed and/or followed up by a PCO on behalf of a NPO.


¹ Young people's, school or university education and/or vocational training
² The local regulation generally requires a prior recognition by their own educational authorities or comparable ones.

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Financial reconciliation is not sufficient and by no means satisfies the legal requirements based on European VAT legislation. As a result, your organisation should be aware of the VAT treatment of operations and the flow of invoicing with the PCO.

INPUT VAT LEVIED ON COSTS

NPOs, which are VAT registered in the country where the event takes place, are basically allowed to recover input VAT incurred for the purpose of the events. The right of recovery is however not absolute. VAT levied on some exhaustively-listed expenses is not recoverable or only to a certain extent [ex. catering, accommodation, etc.]. Furthermore, local VAT erroneously charged by (local) suppliers is totally irrecoverable.

Your organisation should bear in mind the VAT amount linked to the costs. Ascertaining whether input VAT is or not a permanent cost (i.e. a loss) is a key factor to estimate as well as to accurately determine the surplus derived from events. 

CHECK-LIST

- Check whether or not the event falls into the scope of educational activities (exempted from VAT) as determined by the local rules of the country where the event takes place;
- If case the event cannot be VAT exempted, proceed with the local VAT registration;
- Check whether or not a local reverse charge is applicable to the registration fees charged to local participants;
- Check the local VAT rate applicable on each cost or revenue item re-invoiced (registration fee, catering, etc.);
- Scrutinise thoroughly the relationship with the sub-contractor in charge of logistic and management activities for the organisation of the event (i.e. PCO).

This article is a contribution by EUROPEAN VAT DESK. Should you have any questions regarding the VAT treatment of your event, write to info@vatdesk.eu, call +32 2 351 26 00 and check out www.vatdesk.eu.

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