



# Press Notice

3 August 2007

## Trade wins the right to retain tax free rules for staff

Trade leaders today welcomed a decision by HM Revenue and Customs to maintain the tax-free status of accommodation provided to pub managers as a "victory for commonsense".. The Association of Licensed Multiple Retailers and the British Beer & Pub Association had been in discussions with HMRC to protect the exemption since HMRC announced a review earlier this year.

Under tax rules, living accommodation provided to employees is normally viewed as a benefit and therefore liable to tax and National Insurance contributions. Under previously agreed arrangements, HMRC provide a blanket exemption to the pub trade, accepting that it is "necessary" for the manager to live on the premises. HMRC had planned to remove this exemption believing that it was no longer the norm for managers to live above the premises following the introduction of the Licensing Act 2003.

Following a meeting in July, when the *ALMR* presented detailed evidence of the way in which 'over the shop' accommodation is provided and used, HMRC has accepted that an exemption for pub managers should be maintained

Nick Bish, Chief Executive of *ALMR* said:

"The evidence from our members was vital in convincing HMRC to maintain the tax free exemption. We were able to prove that almost all companies continued to provide managers' accommodation and three quarters considered living above the shop to be an essential part of the job.

If this exemption was ever removed it would see many thousands of pub managers facing higher tax bills if they continued to live above the premises".

Martin Rawlings, Director of Pub & Leisure, BBPA said:

"We were delighted to work with HMRC and *ALMR* to achieve this successful outcome. This clarification will eliminate any doubt about pub managers' entitlement to the benefit in the future."

-ENDS-

### Notes for Editors

1. *The Association of Licensed Multiple Retailers (ALMR) is the only national trade body dedicated to representing the interests of pub and bar operators. The bulk of our membership is derived from small independent companies operating 50 outlets or fewer under their own branding. The British Beer & Pub Association (BBPA) is the leading organisation representing the brewing and pub sector. Its members account for 98% of beer brewed in the UK and own more than half Britain's 60,000 pubs.*
2. *The ALMR carried out a survey of its members in June 2007. Replies covered almost 15% of the UK managed pub estate. The results showed that 93% of respondents continued to provide accommodation in some or all of their premises. 71% of the outlets covered by the survey had managers' accommodation. Two thirds of companies required managers to live above the premises as part of their contract and a further 11% said that it was preferred best practice.*
3. *HMRC's reply states that: "on the basis of that information, I confirm HMRC accepts that it is customary for employers to provide pub managers with living accommodation. HMRC therefore accepts that the better performance test applies to pub managers who are provided with living accommodation on the premises where they work" and that the exemption from tax can continue.*

For Further information please contact

Nick Bish on 020 8579 2080 or 07831 778993

Kate Nicholls on 07958 796 238

### **The Association of Licensed Multiple Retailers**

9B Walpole Court, Ealing Studios, London, W5 5ED

Tel: **020 8579 2080** Fax: 020 8579 7579 E-mail: [info@almr.org.uk](mailto:info@almr.org.uk)