

Press release: HMRC wins 'alternative money' lap dance case

From:

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Wiltonpark LTD faces a tax bill estimated at more than half a million pounds.

Wiltonpark LTD, owner of five London-based 'gentlemen's clubs' branded 'Secrets', has lost its tax battle with HM Revenue and Customs and now faces a tax bill estimated at more than half a million pounds.

Wiltonpark issued vouchers to their customers to pay the dancers and the club then charged the self-employed dancers a 20% fee to cash-in the 'Secrets' branded 'money'. The club argued that the fee charged didn't attract VAT as they were simply holding the money safely on the dancers' behalf – HMRC disagreed.

The Court of Appeal has agreed with HMRC that the club's income from charging dancers for redeeming the vouchers is in fact taxable.

Jim Harra, Director General, Customer Strategy and Tax Design, HMRC, said:

HMRC always intervenes when it seems to us that tax due under the law is not being paid. This is a prime example. Our work ensures that everyone pays the tax due, creating a level playing field for all businesses.

We're investigating clubs who use similar schemes and there's a potential tax liability running into the millions at stake – money that is needed to pay for the UK's vital public services.

1. Please find a link to the judgement which outlines the technicalities in relation to this case [here](#)
2. HMRC believed this business model sidestepped VAT payments due on the redemption fees charged. The clubs argued that the charge amounted to keeping the money secure for the dancers and therefore was exempt for VAT purposes.
3. However, the Court of appeal case ruled against the clubs and agreed with HMRC that the charges the club put on the dancers who redeemed the vouchers was taxable.
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