



David Gauke MP  
Financial Secretary to the Treasury  
HM Treasury  
1 Horseguards Road  
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17 October 2014

Dear Mr Gauke,

Thank you for your letter of 22 September which was followed a few days later by one from HMRC explaining their position.

Many in our industry remain convinced that this position is incorrect and I enclose a copy of our further response to HMRC. Because of the potential impact on the organisations involved – mainly charities - we believe that HMRC's view will be challenged and, unfortunately, until such time as there is a definitive ruling the industry will still be uncertain on how to assess the VAT liability of the goods they are supplying.

We welcome your remarks that you will be asking your officials to update their guidance to ensure that there is no further confusion on the part of members and their competitors. This is in fact what we have been asking for since our meeting with HMRC in 2012 who, somewhat disingenuously in our view, have stated in subsequent letters that they had clarified these issues in that meeting.

We trust that HMRC, who stated in their letter to me dated 30 September, that they expect these supplies will be treated 'correctly' from 1 October, will extend this date until their guidance is actually published. If this is not done, our members to whom we have published the information received so far, will be left at a commercial disadvantage to non-members who may still be making interpretation on the existing guidance that HMRC are agreeing needs clarification.

Thank you for taking up this matter for us.

Yours sincerely

Mike Lordan  
Director of External Affairs

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