

Budget 2019 Submission

Keep the 9% VAT rate for the sport and leisure sector **9%**

Extend the Exemption from VAT for children's swimming lessons to all exercise programmes for children and adults



Removal of Benefit in Kind for leisure centre and gym membership



Increased investment in Sports Capital and Large Scale Sport Infrastructure funding programmes



**Ireland
Active**

Leisure, Health
and Fitness
Association

MORE PEOPLE, MORE ACTIVE, MORE OFTEN

Give Ireland a sporting chance

Government needs to support the sport and leisure sector in Budget 2019

We have **four key priorities** for government in the budget:

1. Keep the **9% VAT rate** for the sport and leisure sector and look to maintain the rate over the lifetime of the National Sports Policy 2018-2027

Personal Exercise in gyms and swimming are the two most popular sports amongst adults in Ireland¹, and the VAT rate for access to gyms and pools is currently 9%. This rate needs to be maintained or reduced to encourage more people to be active. Since the introduction of the measure in 2011 participation in exercise and swimming has increased, however the introduction of an increase in tax on physical activity would be a retrograde step and would discourage those on lower incomes from getting active. Measures covered by the 9% VAT rate include gym membership, swimming pool admission and the renting of sports pitches and halls.



2. Extend the **Exemption from VAT** for swimming lessons to all exercise programmes for children and adults and consider a change to a **0% VAT rate**

Sports programmes such as swimming lessons which align to the school Physical Education curriculum are exempt from VAT. We believe that this exemption should be extended to all structured physical activity programmes for children and adults. The current higher VAT rate on programmes create a barrier to participation amongst lower income groups in particular. The introduction of a 0% VAT rate for physical activity programmes would also allow facility operators to offset VAT from other associated costs.



3. Reduce the tax burden on employers and employees by **Removal of Benefit in Kind** for leisure centre and gym membership

Employers and employees are restricted by the benefit in kind tax regime on any gifts of gym and leisure centre membership. We would like to see the removal of the benefit in kind tax burden and the introduction of a scheme similar to the 'bike to work' scheme for gym and leisure centre membership. Under this proposal employers could provide an employee a token for gym and leisure centre membership up to €1,000 and employees could enjoy the tax benefits by receiving relief on income tax. This measure would encourage workplace wellbeing which will in turn contribute to a more productive workforce.



4. Support Ireland's sporting infrastructure with **increased annual investment in Sports Capital and Large Scale Sport Infrastructure funding programmes**

Sport and leisure organisations benefit at community level through the investment of the sports capital and swimming pool programmes. The new National Sports policy envisages investment through a new Large Scale Sport Infrastructure Fund which will include swimming pool programmes. We believe that a complete facility audit should be undertaken by the Department of Transport, Tourism and Sport to include local authority, public, private and community sports clubs to ensure that investment is undertaken where most needed and not to distort local conditions where provision already exists.



1. Irish Sports Monitor 2017

About Ireland Active

Ireland Active is the representative body for the leisure, health and fitness sector in Ireland. Our membership includes over 250 leisure centres, gyms, education providers and swimming pools in every community in Ireland. Our standards programme includes the National Quality Standard Award (formerly White Flag) and the Register of Exercise Professionals for the industry.

- **Physical inactivity** is a growing problem in Ireland with over two thirds of the adult population and 80% of children not meeting the national physical activity guidelines.
- In 2018 we have been supported by the **Healthy Ireland fund** to deliver National Fitness Day and Get Ireland Swimming initiative in partnership with Swim Ireland.
- **Brexit** provides an imminent and immediate threat to the industry as lower visitor numbers from the UK and potential deflationary pressures, such as increased costs of imports, impact on consumer spending and employment in the sector. Increased VAT rates will only further impact on the sport and leisure sector which needs to be treated as an industry in itself when approaching the 9% VAT rate. Sweden which has the highest rate of physical activity in Europe has a VAT rate of 6% to encourage participation in sport and leisure.
- Our members are making an enormous contribution to creating a more active society and we are seeking the **support of government in helping us to get Ireland active.**

Irish Leisure & Fitness in numbers

- **450,000 people** participate in personal exercise in gyms and leisure centres each week, making it the most popular sport in Ireland²
- **€450m** is spent on health and fitness club memberships alone, contributing to a **€2.4billion** sport and physical activity sector in Ireland
- **300,000 additional adults** swim in our member's pools each week
- **€30m** approximately is contributed by leisure and fitness sector employers and employees alone in PAYE/USC/ PRSI to the tax system in Ireland
- **33% of all club members** are members of gyms or leisure centres, making it the most popular club membership in Ireland
- **€1.4m** approximately is paid in VAT alone to the exchequer for adults swims each year
- **81% of gym members** exercise regularly, compared to only 60% of other club members meaning it is a proven forum to getting and keeping people active
- **€4.27m** was allocated through the Local Authority Swimming Pool programme in 2016
- **9,500 people** are employed in the leisure and fitness sector across Ireland³

2. Irish Sports Monitor, 2015/2016

3. European Health & Fitness Market, Deloitte, 2016

Supporting Government Policy

We believe that government tax policy can help contribute to a more active population. Ireland Active and its members are working with its partners to deliver on two key pieces of government policy in the area of health, sport and physical activity;

1. National Sports Policy
2. National Physical Activity Plan
3. National Obesity Policy

All three documents cite physical activity as being a key factor in transforming our population from being sedentary, overweight and obese to becoming a more active nation which reaps the health benefits of physical activity:

- 35% lower risk of coronary heart disease and stroke
- 50% lower risk of type 2 diabetes
- 50% lower risk of certain cancers
- 83% lower risk of osteoarthritis
- 30% lower risk of depression

Supporting Sports Policy

The publication of the National Sports Policy⁴ earlier this year outlines a masterplan for delivery of sports policy and outlines the key role Ireland Active and its' members will play in delivering the policy. The actions contained in the National Sports Policy, such as a new swimming strategy and tax relief for gym equipment outline the key role that personal exercise and swimming in particular play in getting Ireland Active. We believe that the tax measures and capital investment outlined in this budget submission can support an increase in physical activity in Ireland.

Supporting Children

Only 19% of primary and 12% of post-primary school children meet the national physical activity guidelines⁵. It is essential that we provide every support mechanism possible to increase these figures in the years ahead. In other countries such as Canada⁶ and the UK⁷ tax measures have been introduced successfully to encourage participation of children in physical activity. In Ireland, the widening of the exemption from VAT beyond swimming lessons into other physical activity programmes will help support the efforts of our members in providing affordable programmes directed at children.

Supporting Jobs

The leisure and fitness sector supports 9,500 indigenous jobs in every community in Ireland. The 9% VAT rate has seen a 5% increase in employment sport sector⁸ since its introduction in 2011. The leisure and fitness sector are growing as the population is becoming more health conscious and public policy is being directed towards a more active population. The Irish leisure, health and fitness industry need the support of government to ensure the conditions exist to grow employment further in the sector and sustain a healthier workforce.

Supporting a more Active Ireland

Physical inactivity is estimated to cost the Irish state €1.6billion each year⁹. We are asking government to maintain and expand existing tax measures to support the increase of physical activity. We believe that these measures will contribute to a more active Ireland.

4. National Sports Policy 2018-2027

6. Children's fitness tax credit, 2016

5. CSSPA Report, Irish Sports Council, 2009

7. Exemption for sporting and physical education services, UK, 2016

Ireland Active is the representative and advocacy body for Ireland's leisure and fitness sector. Membership is comprised of over 250 different leisure, health and fitness providers. Ireland Active is a not for profit organisation.