

In Britain, Scientology wins battle over taxes: Government forced to reimburse millions of pounds

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The Church of Scientology has won a tax fight with British authorities, a victory that means the government will be forced to reimburse the millions of pounds in past payments the church has made.

After years of legal wrangling, a tax tribunal ruled August 10 that British Revenue and Customs will have to pay back at least 4.1 million pounds (\$7.8 million) in taxes that the church paid while its status was in legal limbo, the *Daily Telegraph* newspaper reported.

The dispute was over value-added tax, or VAT, a levy on the final consumption of goods and services, and applicable to profit-making organizations. Religious bodies are normally exempt, since they are viewed as charities “for the public benefit.”

For the Scientologists, the trouble started when the church sought charity status. The claim was rejected by the government’s Charities Commission on grounds that the organization was not a religion and that there was “no public benefit arising out of the practice of Scientology.” The Scientologists appealed, and a year later, in 2000, the Revenue and Customs department ruled that the church, which counts among its members film stars Tom Cruise and John Travolta, was a not-for-profit organization after all and did not have to pay VAT.

The fight was reminiscent of Scientology’s battle with the U.S. government, which granted a tax-favored designation to the church only after the settlement in 1993 of a long series of court battles between Scientology and the Internal Revenue Service.

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