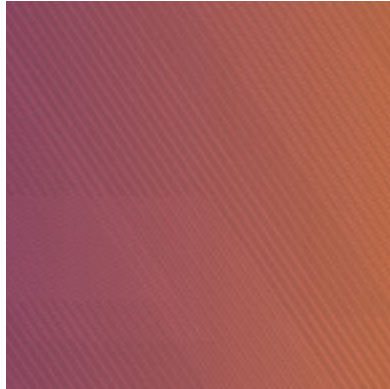


## VAT consultancy for charities and not-for-profit organisations



**V**AT, now at 20%, is a significant expense to those operating in the third sector where finances are already under pressure. Unlike most in the public sector, there's no general relief available for charities or not-for-profit organisations. This lack of relief makes it all the more difficult for these organisations to compete for contracts for the provision of care and welfare services which they are increasingly taking on from the public sector.

### Pay the tax, not the penalty

The lack of a general VAT exemption for charities is compounded by the complexity of the rules governing the VAT reliefs, which apply to the sector, and by the onus on organisations to get it right. VAT is a self-assessed tax, which means the responsibility for calculating it accurately and paying it promptly falls solely on the taxpayer. Unless there are mitigating circumstances that allow for a reduction, careless errors will be subject to a penalty regime that could result in a penalty of up to 30% of the tax due.

### A thorough response to a complex challenge

Our VAT team specialise in the third sector and understand the specific technical and commercial challenges it faces. Crucially, we can help you identify the reliefs you qualify for and the structure that allows your organisation to benefit as much as possible. The key is to involve us early. In a building project, for example, we can identify any zero-rate relief available at the planning stage, which is vital because it can be more difficult to qualify once construction begins and indeed after planning permission has already been given.

More generally, we can advise on the VAT liability and implications of new revenue streams, on complex contracts and one-off projects, to ensure your position is protected and VAT is applied appropriately and correctly. Whatever the situation or project, we explain the options available to you and either recommend a strategy to deal with the issue or offer to deal directly with HMRC as your agent. Most importantly, we are available to support you if things go wrong. We are realistic and experienced negotiators, and know what's possible and how to achieve it.

### Clients throughout the third sector

Buzzacott's VAT clients come from a broad spectrum within the sector, including religious orders and grant-dependant charities running hospitals or care-homes, as well as higher-profile welfare charities who raise funds publicly for national and international causes. We are also very experienced in advising the cultural sector where we advise a number of well-known organisations across the country.

Because schools and colleges – whether publicly or privately funded – have charitable status, we work with many of them, too. Other fast-growing areas of our client portfolio include public-sector spin-offs, environmental charities and those providing aid or services internationally.

### A team to trust – here and abroad

VAT consultancy for charities and not-for-profit organisations demands considerable knowledge and ongoing dialogue with HMRC because the legislative backdrop and its interpretation is always changing. Our team of highly-qualified professionals bring together experience gained in the industry as well as the sector itself, through working for HMRC and the four largest international accountancy practices.

As well as domestically focused organisations, we can help those with operations or ambitions abroad. Through our membership of PrimeGlobal, we can provide VAT advice or wider tax advice in 90 countries. We work closely and often with member firms around the world and can vouch for their knowledge, values and commitment to client service.

## Get in touch

For further guidance and advice tailored to your organisation, please get in touch with your usual buzzacott contact or:

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At the same time, our Fiscal Solutions subsidiary provides a multilingual VAT compliance service for charities and not-for-profit organisations operating through Europe and further afield. Working from the same office as our VAT team, they offer the option of a fully integrated advice and implementation service that allows for VAT registration and returns across a range of jurisdictions to be set up with a single phone call.

We know the countries, we know the tax authorities and we speak their language. Anything to do with VAT for charities and not-for-profit organisations, nationally or internationally, talk to Buzzacott; we can save you time, money and worry.

## VAT services for charities and not-for-profit organisations:

- Review of grants, contracts, and other income streams to determine whether there is a supply.
- Confirmation of VAT liability of income and obtaining formal ruling from HMRC where appropriate.
- Confirmation that the charity is benefiting from all available zero and reduced rate reliefs for expenditure.
- Advice and support with optimising VAT recovery for business/non-business, partial exemption and Capital Goods Scheme annual adjustments.
- Comprehensive support for all property transactions e.g. securing zero rating for new build residential and charity buildings and charity annexes including the negotiation of apportionments with HMRC and assistance with discussions with developers, lawyers and other interested parties. In addition, we provide practical support such as helping to implement Design & Build structures to maximise zero rate relief for these projects and where possible, developing practical partial exemption special methods to maximise VAT recovery where VAT is charged on non-qualifying new build, extensions and enlargements.
- For tenants, or those seeking to acquire property, we offer support with landlord and vendor negotiations for the disapplication of an option to tax and guidance on whether the transaction constitutes the transfer of a going concern.
- VAT return reviews, general VAT health checks for assurance that all is well and ad hoc transactional and event driven advice or formal retainer/helpline service.
- Bespoke VAT training.
- Representation following the receipt of an assessment, the ADR process, instructing Tax Counsel and Tribunal appeals.