

VAT update: issues affecting the charity sector

Webinar Q&A follow-up

If you have any further questions about the content covered in this webinar, please email Socrates Socratous: socratouss@buzzacott.co.uk

Questions	Answers
<p>One organisation I work with has received funding from a bank to supply schools with ICT devices, can the charity claim input VAT and spend the whole grant as a 'net' cost?</p>	<p>This very much depends on both the status of the school and the use of the device. If you're an academy school, if no fee charged to student, VAT should be recoverable. If you're a school or college where fees charged generate exempt income, then no VAT is recoverable.</p> <p>More detail is needed to give definitive reply specific to your circumstances.</p>
<p>Question around supply of staff. If a private hospital supplies a medical secretary employed by the hospital to a consultant not employed by the hospital but treating patients and then the hospital invoices the consultant for the salary cost should there be output VAT on the invoice? Is it VATable if the medical secretary is based at another premises and not VATable if they are still based at the same premises?</p>	<p>The exemption only applies to the provision of services by a 'health professional' and so it's unclear if that would be the case in this instance. There is an exemption for unregistered staff working in a hospital, but specific conditions must be met – see paragraph 5.4 here: https://www.gov.uk/guidance/health-professionals-pharmaceutical-products-and-vat-notice-70157</p>
<p>Have there been any indications of the temporary reduced rate being extended beyond 31 March?</p>	<p>We will find out on 3 March! There has been a rumour it might be extended but only Rishi knows...</p>
<p>If we accept following ROH case that bar and catering sales cannot be included in calculation of VAT recovery, can we use marketing and tech cost contras as taxable sales?</p>	<p>From the question it's not clear what the contras are, but if ROH loses, the calculation for determining the extent of VAT recovery on production costs should be reviewed to ensure that only show related income is included in any apportionment calculation.</p>

<p>I have applied for and received an EORI and XEORI for our charity but struggling to get one for our trading co - we are not in a VAT group. Both registrations are based at the same address - any thoughts as to why there would be an issue obtaining these numbers for Trading?</p>	<p>Not sure why there should be a problem if there are two separate legal entities. Many businesses trade from the same address.</p>
<p>MTD - in terms of registering. I want to file my 31/03 return as normal and then use MTD for my next return, if I register now will that apply to 31/03 return and therefore do I need to wait until 01/04 to register?</p>	<p>If you are VAT registered, you should already be using MTD. The end of the soft landing period requires 'digital links' in the accounting chain.</p> <p>The new requirements apply to all VAT periods starting after 1 April 2022.</p>
<p>Some charities, such as Mountain Rescue Teams can reclaim VAT input tax without being VAT registered. Does MTD apply to them?</p>	<p>There is no requirement to use MTD if taxable turnover is below the registration threshold - please see paragraph three here: https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat/vat-notice-70022-making-tax-digital-for-vat#para-3</p>