

VAT Guide

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INTRODUCTION

This guide has been prepared to help you understand how Value Added Tax (VAT) impacts East Dunbartonshire Council.

The aim is to help you to understand when VAT should and should not be charged and where VAT should be reclaimed, or not.

The Technical & Improvement Team in Corporate Finance deals with the administration of VAT.

The role of this team is to:

- complete the Council's VAT return to Her Majesty's Revenue & Customs (HMRC) timeously
- assist services in ensuring the correct VAT treatment of financial transactions
- advise on Council-wide VAT implications of major new initiatives undertaken by the Council
- monitor the Council's VAT position against the partial exemption threshold
- investigate and report VAT errors made by the Council to HMRC

If you have any questions about VAT, please contact the following staff:

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BACKGROUND TO VALUE ADDED TAX

Value Added Tax (VAT) was introduced from 31 March 1973. VAT is a tax on the **supply** of goods and services in the furtherance of business and is administered by HMRC. VAT is chargeable by a VAT registered business to other businesses and individuals whether or not they are registered. Individuals and businesses which are not VAT registered may not reclaim VAT they have to pay when buying goods and services. VAT is not chargeable between departments within the same Council or the same VAT registered organisation.

- Output Tax is VAT related to income and is charged on any supply of goods/services made by a VAT-registered person in the UK
- Input Tax is VAT related to expenditure and is payable on standard and reduced-rated supplies of goods/services incurred in carrying out the business of a VAT-registered person

VAT is declared and paid to HMRC by each business completing a VAT return showing how much VAT it has charged on all its sales (Output VAT), how much VAT it is claiming credit for on its purchases (Input VAT), and the net amount due to HMRC. Since local authorities buy more VAT-able goods than they sell, they are in the position of reclaiming VAT.

HMRC carry out VAT inspections at unspecified intervals to establish whether VAT is being correctly dealt with. Where errors are found, checks go back four years with any under-charged tax paid to HMRC. Penalties are charged for any errors found, and there is also the possibility of interest added to the under-declared tax. HMRC will also consider all errors for carelessness and where they find the Council to have been careless we will incur heavy financial penalties. Penalties will also be incurred for persistent errors. It is therefore imperative that all staff responsible for invoicing are aware of the VAT status of the supplies they bill for.

Where HMRC decide there is deliberate fraud, they have powers to go back as far as 20 years in recovering under-declared VAT. Fraudulent evasion of VAT is a criminal offence and conviction of such a crime can lead to an unlimited fine, up to seven years' imprisonment or both.

VAT CLASSIFICATIONS

Business Activities

There are four categories of business activities:

Standard Rated	20%
Reduced Rated	5%
Zero Rated	0%
Exempt.....	Not subject to VAT

If a transaction is standard rated, VAT has to be charged, but if it is zero rated or exempt then no VAT has to be charged.

Business Activities – Local Authorities:

- Per HMRC, a business activity is one for which the supply of goods or services is comparable, or in competition, with supplies of similar goods or services made in the private sector.
- A general rule is that a business activity for a local authority is one which could also be undertaken by any other body.

Standard Rated

A taxpayer is required to apply VAT at the standard rate to all their supplies of goods and services, unless their supplies clearly fall within one of the other liability categories. The taxpayer will have to account to HMRC on a monthly or quarterly basis for the difference between the tax charged and that paid on supplies to them.

However, VAT can only be reclaimed on purchases which are used in making taxable, i.e. standard and zero rated supplies; VAT incurred in making exempt transactions is, in principle, not recoverable. Therefore, it is important to understand the difference between the various categories.

Exempt

Schedule 9 of the Value Added Tax Act 1994 sets out those supplies which are exempt from VAT. This means that no VAT is to be charged on the consideration received for those supplies. However, a taxpayer cannot recover any VAT paid on the costs incurred in making those VAT exempt supplies. Examples of exempt supplies:

- Land and buildings
- Insurance
- Financial Transactions
- Education
- Health
- Postal Services
- Cremation Services

Zero Rated

Schedule 8 of the Value Added Tax Act 1994 sets out those supplies which are subject to VAT at the zero rate. This means that no VAT is to be charged on the consideration received for the supply of goods or services, but a taxpayer can still reclaim VAT paid on the costs incurred in making that supply.

- Children's clothes
- Food
- Water and sewerage
- Books (ebooks have VAT)
- Transport
- Construction services
- exports

Reduced Rate

Reduced Rate VAT is used for fuel for domestic heating and certain insulation projects plus it applies to women's sanitary products and children's car seats and is charged at 5%. It also applies to various supplies in respect of renovation and conversion of household dwellings, for example:

- properties that have been empty for 3 years or more
- conversion of a house into flats
- conversion of a non-residential property into a household dwelling
- conversion of a multi occupancy property, e.g. bed sits into a care home or single household property

Purchases from EU Countries

By law, we require to provide additional information on our monthly VAT return about purchases from EU countries.

Please notify the VAT team if you have any VAT invoices so that they can be accounted for correctly in the VAT return.

Non-Business Activities

Transactions which are not carried on 'in the course or furtherance of a business' are outside the scope of VAT. Although VAT is not charged on the income arising from such transactions, in principle any VAT incurred which relates to those activities is not recoverable. However, the position for Local Authorities differs, see below.

Outside the Scope No VAT

VAT position of Local Authorities

Local authorities have been given a special status (often referred to as 'Section 33 Status') which allows them to reclaim VAT incurred in carrying on activities which are non-business and outside the scope of VAT. These special rules also allow local authorities to recover a significant amount of VAT incurred in making exempt supplies.

The result of this S33 status is that in general, local authorities do have some activities which are considered as taxable and they do charge and account for some VAT on their income, but mostly their activities are outside the scope and no VAT is charged. However, they do incur VAT on most of their expenditure (apart from wage and salary costs etc.) and that is predominantly recoverable. This recoverable VAT is generally quite a lot greater than the VAT due to HMRC, and so local authorities tend to submit monthly returns claiming refunds from HMRC.

Per HMRC, a non-business activity is one which only a Local Authority can undertake. In addition, Local Authorities must have a 'statutory monopoly' over the supplies, i.e. they must have a statutory obligation to undertake the transactions and also a monopoly over the activity.

The important factor in deciding if an activity is non-business is the likelihood of a significant distortion of competition.

Significant distortions of competition may arise if an LA treats an activity as Non-Business and:

- it does not charge VAT on a supply whilst competitors making similar supplies have to
- it can recover the VAT attributable to an exempt supply or non-business activity while the VAT incurred by competitors cannot be recovered
- it places private traders at a commercial disadvantage
- it deters private traders from starting up businesses supplying similar goods / services in competition with the LA

Non-Business treatment if:

- Special Legal Regime
- Acting as a public authority
- Monopoly
- No Significant distortion of competition
- Supplies made free of charge
- No monetary or other consideration

Examples of non-business activities:

- Local Authority Education
- Trade Waste Team (majority of their activities – see separate note below)
- Planning Applications
- Cemeteries
- Social Housing

However, as with all aspects of VAT, there are exceptions to rules. Please see the VAT Liabilities' guide for more detailed information about the VAT status of supplies made by EDC.

HOW TO CALCULATE VAT

If you are told that a payment is “VAT-exclusive” this means no VAT has been added. In order to calculate what the VAT will be it is necessary to multiply the amount by 20%. The gross amount will then be the basic plus the newly calculated VAT.

For example, to calculate the VAT on a Standard Rated item costing £300:-

Basic Cost $£300 \times 20\% = £60$ (VAT)
Gross Cost $£300 + £60 = £360$

If a payment is “VAT-inclusive” it contains VAT as in the gross cost above. Therefore to calculate the VAT element and the basic cost, divide the total by 120 and multiply by 20 for VAT, or by 100 for the basic.

Figure you have	Calculation	Figure it gives	Example
Gross	Divide by 1.2	Net	$120/1.2 = £100$
Gross	Multiply by 20/120	VAT	$120 \times (20/120) = £20$
Gross	Divide by 6	VAT	$120/6 = £20$
Net	Multiply by 0.2	VAT	$100 \times 0.2 = £20$
VAT	Multiply by 5	Net	$5 \times 20 = £100$

EDC CORPORATE FINANCIAL LEDGER

A unique range of codes is used for VAT inputs and outputs.

- Input VAT950101 CSZ01
- Output VAT950102 CSZ01

It is extremely important that you use ledger codes accurately because:-

- Incorrect use may damage your budget
- At a corporate-level, Finance needs to be able to rely on the information from the ledger

From a VAT perspective, reliance is placed upon reports taken from financial systems to calculate the monthly returns to HMRC for VAT recoveries and periodically to monitor the Council's compliance with "Partial Exemption" status.

ACCOUNTS PAYABLE (AP) PAYMENT SYSTEM

Information about VAT on purchases and income is captured at the point it is keyed into the corporate financial management system - Oracle. Increasingly, this will be through iProcurement and VAT information is keyed in to the ledger using the codes above by the Accounts Payable (AP) team. The price input by requisitioners is net of VAT; once the invoice is received AP will account for the VAT and the net amount. However, the VAT should never show on the Services' codes.

Generally, AP staff will check each invoice as they key the information into the payments system. The details on the invoice will let them decide which VAT category applies. The computer system does the calculation of the VAT element automatically according to the category code selected.

The following codes are used in the Payables module of the system:

Payables Code	VAT status
ZERO	Zero
EXEMPT	Exempt
REDUCED	Reduced Rated – 5%
STANDARD	Standard Rated
OUTSIDE	Outside the Scope

Expense Claims and Petty Expenditure Forms

Any expense claims submitted to Payroll, such as travel and fuel expenses, must be accompanied by a valid VAT receipt where there is VAT on the expense. If not, EDC will not be able to recover the associated VAT and the full amount will be charged to your service, which is not an efficient use of Council funds.

Likewise, 'Claim for Reimbursement of Petty Expenditure' forms submitted to AP by Imprest holders must itemise the net and VAT amounts of the claim. Receipts are not sent to AP, however, a copy of the claim and receipts are retained by the imprest holder. It is imperative that the person authorising the claim form checks the VAT amounts to valid VAT receipts prior to submission to AP. VAT must be accounted for separately and must be substantiated by valid receipts. Documentation must be retained for the current year and the previous six years, in the event of a VAT inspection.

Tax Points on Purchases

The time when a supply of goods or services is deemed to have taken place is called the "Tax Point".

VAT on sales (Output tax) must be paid over by the supplier to HMRC at the end of the accounting period in which the Tax Point occurs. The customer may reclaim VAT on purchases (Input tax) in the same accounting period as the tax point date on the invoice.

The Tax Point will be either:

- the "Basic Tax Point " which is when the goods are received or services are performed; or
- the "Actual Tax Point" which overrides the Basic Tax Point which will be either:
 - the date the bill is issued or payment is made, where this is **before** the basic Tax Point; or
 - the invoice date where an invoice is issued within 60 days of the Basic Tax Point

Generally the Tax Point is indicated on an invoice and will usually say "Tax Point".

Advance Invoicing

Advance invoicing occurs where there is an agreement or contract for a supply of services for up to a year and the agreement is that the customer will make periodic payments as the services are performed. The supplier raises a VAT invoice at the start of the year for the whole cost of the service but payment is made by the customer on the dates in the agreement. The customer must not reclaim any VAT on the VAT invoice until the date on which the payment is due or payment has been received by the supplier whichever happens first. The supplier is required to show additional information on the VAT invoice about the dates when payments will be due, the amount payable and the VAT on each payment.

Tax Points on Income & Sales

Tax points are important also for debtor accounts.

HMRC normally insist suppliers issue an invoice within fourteen days of the tax date. Beyond this date, separate permission must be obtained (an exception is made for all local authorities where a delay of 60 days is allowed). Delays in the issue of bills may arise, for example, when information is required from a third party before the costs of the VAT-able supply can be determined.

A Proper VAT Invoice

Information to be disclosed

It is the duty of a VAT registered business to issue a VAT invoice or receipt if asked to do so. The information required on a VAT invoice is as follows:

- an identifying number
- the supplier's name and address and VAT registration number
- the time of supply (known as the Tax Point)
- the date of issue (if different to the time of supply)
- the customer's name and address
- the type of supply (this refers to the type of transaction e.g. sale, loan, hire purchase, or by way of exchange)
- a description which identifies the goods or services supplied
- for each description the quantity of goods or extent of the services
- unit price
- the charge made, excluding VAT
- the total charge made, excluding VAT
- the rate of any cash discount offered
- each rate of VAT charged and the amount of VAT charged at each rate and shown in sterling, and
- the total amount of VAT charged, shown in sterling

Errors

An invoice which does not comply with the above and is not a proper invoice should be sent back to the supplier. It should not be doctored; to do so could invalidate the invoice and may be illegal.

WHEN THE COUNCIL CANNOT RECOVER VAT CHARGED ON PURCHASES

There are certain situations where the Council is not entitled to recover the VAT charged on bills or invoices. If we do, HMRC may impose penalties.

- when the invoice states **Pro Forma**
- when the invoice has been issued by a supplier who is **not VAT registered**
- when the supply has been made to **someone other than the Council** (although invoices made out to a Council establishment or staff in their role as employee are acceptable)
- when the invoice states **“This is not a tax invoice”** or **“A tax invoice will be issued on receipt of payment”**
- when the invoice **does not comply** with all the information required for a proper VAT invoice
- when the VAT is specifically blocked from recovery by legislation, e.g. business entertainment

Suppliers' Invoices over Six Months Old

By law, we cannot reclaim the VAT we pay on suppliers' invoices that have not been paid within six months from the date of the invoice. The cost of the VAT must fall upon the spending department's budget. In order for us to reclaim the VAT element we would require the supplier to issue us with a new invoice with a current date.

Duplicate Payment of Suppliers Invoices

The Payables payments system has a number of strong controls to detect and prevent duplicate payments. However, if any duplicate payments are discovered, a voluntary declaration of any VAT over claimed would have to be made.

Proforma invoices to Accounts Payable

EDC cannot claim back VAT on a pro forma invoice. In order to recover VAT, a proper VAT invoice needs to be obtained from the supplier. If this is not to hand when payment is made, the full amount including VAT will be charged to the Service cost centre.

Service staff will then need to contact the supplier and get a proper VAT invoice. When this is received, service staff will need to notify their service Accountant or the VAT section in Corporate Finance to transfer the VAT charge from their budget to the VAT account via journal. If a proper VAT invoice is not received, the full cost will remain in the Service cost centre.

Payment requests to Accounts Payable

In a similar way to Pro-forma invoices, any payment requests that refer to VAT but do not have a VAT invoice attached cannot be processed in the normal way, with VAT coded to the VAT codes. In these cases, Accounts Payable will code the full cost to the service code. When the service receives the proper VAT invoice, a journal will need to be made to transfer the VAT charge from the Service cost centre to the relevant VAT code. Upon receipt of the VAT invoice, service staff should liaise with their Accountant to ensure this journal transfer is prepared correctly. Only at this stage can VAT be recovered by the Council.

Less Detailed Tax Invoice

If the charge made for an individual supply is £250 or less (including VAT), the supplier can issue an invoice showing:-

- supplier's name, address and VAT registration number
- the date of supply
- a description which identifies the goods or services supplied
- the charge made including VAT
- for each rate of VAT chargeable, the gross amount payable including VAT and the VAT rate applicable

Zero Rated or Exempt supplies must not be included in this type of tax invoice, unless the invoice is for petrol or diesel oil (derv).

If the amount charged exceeds £250 and you ask for a tax invoice, the supplier must issue a modified invoice.

Modified Tax Invoice

Providing the customer agrees, the supplier can issue an invoice showing:-

- the VAT-inclusive value of each Standard Rated and/or Reduced Rated supply (instead of VAT-exclusive)

At the foot of the invoice, the following must be shown separately:

- the total VAT-inclusive value of the Standard Rated or Reduced Rated supplies
- the total VAT payable on those supplies
- the total value, excluding VAT, of those supplies (shown in sterling)
- the total value of any Zero Rated supplies included in the invoice
- the total value of any Exempt supplies included in the invoice

In all other respects the invoice should show the details required for a full tax invoice.

ACCOUNTING FOR VAT ON INCOME

Income is a Risk Area

VAT on income is a risk area for Councils. Local authorities collect income for various charges for services and the VAT classification may vary depending upon the circumstances of the charge.

The majority of EDC's income is generated through the raising of invoices on Ash Debtors. Invoice templates have been set up on Ash so that they are compliant with the requirements of a Tax Invoice.

When you raise an invoice with VAT on it, the income will be coded to the Service codes, and the output VAT will be coded to the output VAT code.

If VAT is not charged correctly, the service concerned will eventually have to meet the cost of the VAT, since correct payments will have to be made to HMRC. In addition to this, the Council can be fined, and charged interest on these incorrect payments.

It is therefore crucial that the Council's VAT team is contacted as soon as possible if you have any queries in relation to VAT, when you are considering new charges, or where you think the wrong VAT treatment may have been applied.

If you are responsible for raising invoices on the ASH Debtors system or complete the Revenues return, you must ensure that the correct VAT classification is shown for each line of income.

The VAT codes in Ash that are to be used are:

Name	Current Rate	Code in Ash
Zero-Rated	0%	0
Reduced-Rated	5%	2
Standard-Rated	20%	20
Exempt	No rate – does not attract VAT	EX
Outside the Scope	Outwith the scope of VAT	OW

The following also show up in Ash but they **must not** be used:

Name	Code in Ash
VAT rate as at 1/1/2010	1
VAT rate inclusive as at 1/1/2010	IN
20% VAT inclusive from 4/1/2011	20INC
15%	3,4

When raising an invoice in Ash, you must select the correct VAT code from the drop down box.

Authorised Invoice Input

Preview Invoice | Post Invoice | Cancel Invoice | Exit

Debtor Address:
 Citizens Advice Bureau
 5 Dalrymple Court
 Kirkintilloch
 G66

Invoice Property:
 Citizens Advice Bureau
 11 Alexandra Street
 Kirkintilloch
 G66 1HB

Debtor No: 10332099
Source Reference:

Invoice Date: 21/04/2016
Supply Date: 21/04/2016

Narrative:

Directorate: COR02
Bus. Unit: CEV
Service: CR022
Recovery: REC01
Terms:
Days:
Interest:
Currency:

Item	Quantity	Unit	Price	VAT Code	Pre VAT	VAT	Value	Status
* CEV03	1.00	EACH	100.0000					

Total Lines: 0

VAT Code | Name | Rate

EX	Vat Exempt	0.00%
0	Zero Rated Vat	0.00%
20	20% Vat As At 4Th Jan 2011	20.00%
20INC	20% Vat Inclusive From 4Th Jan 2011	20.00%
OW	Outwith The Scope Of Vat	0.00%

Add | Remove | Cancel | Done | Deposit | Financial | Text | Narrative

This means that there is a decision to be made about the VAT treatment of the supplies.

If you have any doubt about the VAT treatment of a supply, contact the VAT team in Corporate Finance.

Write-offs & Bad Debt Relief

The VAT element of a debtor account that is written-off can normally be reclaimed from HMRC provided the account is less than 4 years plus 6 months old. The VAT element of any write-off which is older than this must fall upon the budget of the issuing department and thus is a real cost to the Council.

VAT cannot be reclaimed on a write-off less than 6 months old, so you must wait at least 6 months from the later of when payment was due and payable or the date of supply. We cannot claim on our VAT return for an accounting period earlier than the one in which we become entitled to the relief. Before VAT is reclaimed it must be written-off to a VAT bad debt account.

This does not mean it is formally written-off by the authority and payment will still be expected from the debtor. If payment is subsequently received the VAT must be repaid to HMRC.

There is no time limit for write-offs for accounts raised before 1 May 1997.

VAT ERRORS

Notification of Errors to HMRC

If the Council fails to pay over any output tax or reclaim any input tax when it is due, this must be disclosed to HMRC separately from the normal VAT return. If the net total of all errors on input and output tax is greater than £10,000 in the 4 or 5 week accounting period, this must be notified to HMRC as a "Notification of Error".

Penalties may be imposed if the error is considered to be as a result of carelessness. Statutory interest may be charged if HMRC consider that their cash flow has been prejudiced significantly.

Notification of VAT Errors to Corporate Accounting

If you discover a VAT error, please notify the VAT Team in Corporate Finance in the first instance.

Action Required after Disclosing VAT Error

Corporate Finance will assist you to prevent a re-occurrence of VAT errors but it is your responsibility to ensure that procedures and processes within your Service or Team are amended to prevent the same error happening again.

Corporate Finance will require you to notify them in writing of the corrective action you have put in place within 4 weeks of the problem being identified.

Corrective VAT Journal Entries

Completion of VAT Journal Entries

Only Corporate Finance is permitted to authorise journals affecting the VAT section of the ledger. You must contact either your service Accountant or the VAT team immediately if you think an accounting adjustment is required.

Information Required by Corporate Finance

As a guide, the following are examples of circumstances where an accounting adjustment by a journal entry may be appropriate:-

- where the full amount including VAT on a creditor invoice has been coded against your budget
- where no proper VAT invoice is available at point of keying and subsequently you receive a proper VAT invoice or an authenticated VAT receipt from the supplier or contractor

In these instances, you need to send the original of the invoice or authenticated VAT receipt to the Finance Officer with details of the entry against your budget, i.e. the amount, ledger code, voucher number, and date. You need to inform the Account Payables Team and send them copies of this too. Corporate Finance will prepare a correction journal removing the amount of VAT from your budget and transferring it to the VAT code.

- where the full amount, including VAT, on a debtor account or cash banking has been incorrectly coded against your budget
- where VAT has been incorrectly deducted from the amount of income coded against your budget

In these cases, you need to inform the Finance Officer and send a copy of the back up to the income with detail of the entry against your budget, i.e. the amount, ledger code, income or debtor batch reference and date. Corporate Finance will arrange for an accounting adjustment to transfer the VAT element to the VAT code / return the VAT element to your budget where it was incorrectly coded to the VAT code.

COMMON CHARGING AREAS FOR THE COUNCIL

Below are common charging areas for the Council and how they should be treated for VAT.

Hall Lets (including for sporting use), Pitch Lets and Pool Lets

VAT legislation provides that the hire of halls is an Exempt activity. This is covered within VAT legislation by the “grant of an interest in land, right over or licence to occupy”. This is a substantial proportion of Exempt income, for which the Council has the “option to tax”. It’s important that income from lets is properly coded and is separately identified in the ledger.

Where the Council has opted to tax a property, supplies that are normally exempt become standard-rated. The current buildings that the Council has opted to tax are listed below:

- 1) Southbank House, Southbank Business Park, Kirkintilloch G66 1XQ
- 2) Workshop Units, Donaldson Street & Donaldson Crescent, Southbank Business Park, Kirkintilloch G66 1XG
- 3) Enterprise House, Southbank Business Park, Kirkintilloch G66 1XG
- 4) Workshop Units and Softnet Centre, McBride Avenue, Kirkintilloch G66 1XP
- 5) McGregor House, Kirkintilloch G66 1XF
- 6) Milngavie Enterprise Centre, Ellangowan Court, Milngavie G2 8PH
- 7) Lennoxtown Workspace and Enterprise Centre, Station Road, Lennoxtown G66 7JH
- 8) The Green, Twechar Enterprise Park, Twechar G65 9QF
- 9) Southbank Marina Offices, moorings and development site, Southbank Business Park, Kirkintilloch
- 10) Kirkintilloch Learning Centre 2, Southbank Road, Kirkintilloch
- 11) Lister Petter Building, Broomhill, Kirkintilloch
- 12) Kirkintilloch Integrate Care Centre, Saramago Street
- 13) Site at Oak Drive, Kirkintilloch
- 14) Site at Westerton Farm, Bearsden
- 15) Site at Annan Drive, Bearsden
- 16) Site at Cairnview Road, Milton of Campsie
- 17) School Lane, Lennoxtown
- 18) Kilsyth Road, Kirkintilloch (former depot)
- 19) Redhills Development, Lennoxtown
- 20) Southbank Phase III, Kirkintilloch

The General Rule per VAT Notice 742:

If you let facilities for playing any sport or for taking part in any physical recreation your supply is normally standard-rated but if the let is for over 24 hours or is for a series of ten sessions your supply may be exempt.

FACILITY TYPE		
	SPORTS	NON-SPORTS
SPORT	STANDARD-RATED	EXEMPT*
	EXEMPT	EXEMPT
NON-SPORT		

N.B. There are exceptions to the above and also the definition of ‘sports facility’ needs to be understood, so please read on.

Definition of a Sports Facility

Premises are sports facilities if they are designed or adapted for playing any sport or taking part in any physical recreation, e.g. swimming pools, football pitches, dance studios and skating rinks. Each court or pitch or lane is a separate sports facility.

General purpose halls, such as village or church halls, which merely have floor markings are not sports facilities and the letting of such halls is exempt even when let for playing a sport.

Similarly, school halls or similar (but not gymnasiums) are treated as exempt providing it is the bare hall that is provided. However, if equipment such as racquets and nets are provided along with the hall the supply is of standard-rated sports facilities.

VAT Law (with reference to Tolley's VAT 2013-14 2nd edition)

41.18(jj): The grant or assignment of facilities for playing any sport or participating in any physical recreation is standard-rated. Exemption is, however, retained where the facilities are to be used for more than 24 hours or, provided certain conditions are met, a series of at least ten shorter periods.

57.9: The letting of facilities designed or adapted for playing any sport or taking part in physical recreation is normally standard-rated. However, the letting of such facilities may be exempt if the letting is for over 24 hours or there is a series of lettings to the same person over a period of time. Exemption will also apply if certain general purpose facilities are hired for sporting use or if sports facilities are hired out for non-sporting facilities. See below for further details.

24-hour rule – Where the facilities are provided for a continuous period of use exceeding 24 hours, the grant is exempt. The person to whom the facilities are let must have exclusive control of them throughout the period of letting.

Series of lets – Also exempt is the granting of such facilities for a series of ten or more periods (whether or not exceeding 24 hours) to a school, club, association or an organisation representing affiliated clubs or constituent associations where:

- (i) each period is in respect of the same activity carried on at the same place;
- (ii) the interval between each period is at least one day (i.e. 24 hours must elapse between the start of each session) and not more than 14 days;
- (iii) consideration is payable by reference to the whole series and is evidenced by written agreement; and
- (iv) the grantee has exclusive use of the facilities.

Under (i) above, a different pitch, court or lane (or a different number of them) at the same sports ground or premises would count as the same place.

Under (ii) above the duration of the sessions may be varied but there is no exception for intervals greater than 14 days through the closure of the facility for any reason.

Under (iii) above, there must be evidence that payment is to be made in full, whether or not the right to use the facility for any specific session is actually exercised. Provision for a refund given by the provider in the event of the unforeseen non-availability of their facility would not affect this condition.

Further clarification, from HMRC:

Step	Condition
1.	the series consists of 10 or more sessions.
2.	each session is for the same sport or activity.
3.	each session is in the same place. This condition is still met where a different pitch, court or lane is used (or a different number of pitches, courts or lanes), as long as these are at the same establishment).
4.	the interval between each session is at least 1 day but not more than 14 days (for an interval to be at least 1 day, 24 hours must elapse between the start of each session). The duration of the sessions may be varied. There is no exception for intervals greater than 14 days through the closure of the facility for any reason.
5.	the series is to be paid for as a whole and there is written evidence to the fact. This must include evidence that payment is to be made in full whether or not the right to use the facility for any specific session is actually exercised. Provision for a refund given by the provider in the event of the unforeseen non-availability of their facility would not affect this condition.
6.	the facilities are let out to a school, club, association or an organisation representing affiliated clubs or constituent associations, such as a local league.
7.	the person to whom the facilities are let has exclusive use of them during the sessions.

Example:

Hale Football Club agrees to hire its football pitch to another local club on a Tuesday night for ten weeks from October to mid-December in order that the other club can have training sessions. The agreement gives the other team the right to cancel a night's booking and get a refund of money, as long as they have given at least 24 hours' notice.

In this situation, the VAT exemption would not apply – the exemption is only unaffected if an 'unforeseen' circumstance arises (e.g. bad weather or pitch damage). The right to cancel for any reason means the regular letting arrangement is not achieved.

<https://www.gov.uk/government/publications/vat-notice-742-land-and-property/vat-notice-742-land-and-property#sports-facilities-and-physical-recreation>

Deposits and their VAT treatment

The receipt of a deposit creates a tax point, consequently where the supply is standard-rated and a deposit is paid, the deposit will need to be treated to be VAT inclusive.

Linked supplies (e.g. catering, box office)

The provision of a standard-rated supply (such as catering) alongside the hall let can result in an exempt hall let becoming standard-rated. In recent times HMRC took the view that catering 'tainted' the hall hire and that therefore the whole hire becomes standard-rated.

HMRC have said that the VAT liability of hires will depend on the exact circumstances of each transaction. The question to be addressed with theatre hires is not whether there are ancillary services provided, but whether there is an active or passive supply of the land.

- An active supply would be where the Council also provides services such as lighting technicians, box office etc, and therefore these costs, and the theatre hire cost, would be standard-rated.
- A passive supply would be where the Council plays a passive role and the hirer is given the right to use the facility as if they owned it, and therefore this type of let would be exempt from VAT.

Examples:

1) Exempt:

If the room is set up with AV equipment, flipcharts, etc and the customer uses the equipment as if they were the owner, with no input from EDC, the invoice would be exempt from VAT. If the invoice is itemised, all elements would be exempt. Where halls are let at a rate that includes the use of such equipment for a single price, then this would be exempt from VAT.

2) Standard-rated:

If the customer requires technicians to operate lights or other equipment, or if EDC supplies staff to run the box office or to act as ushers, then these types of charges will be standard-rated and the hire is considered as a single supply at the standard rate of VAT. This means that the hall hire and the ancillary costs will be standard-rated.

In the past, HMRC accepted an itemised invoice with the theatre hire element as exempt and the other charges as standard-rated. However, in light of a memo from HMRC to CIPFA in December 2014, HMRC considers that there is likely to be a single supply when the theatre is hired with other services because they are so closely connected and to separate out the other services would be artificial. This means that where the theatre is hired out with other, standard-rated services, the entire invoice, including the theatre hire element, is treated as a single supply at the standard rate of VAT.

The general rule is that if the customer needs other people, i.e. EDC staff, to be able to use the facility then these charges are not incidental to the theatre hire and the entire let would be standard-rated.

3) Out of hours' staff costs:

In the case of halls where FM staff are required to open buildings out of hours, the customer has no choice about the use of the staff; they are needed to open the building and they could not have the hire without it. Therefore, these staff costs are incidental to the hire and would be exempt, as would the hall hire.

If the Council is providing supplies in conjunction with a hall let it would be advisable to contact the Council's VAT team for a view on the VAT liability of the supply.

Land & Property-related invoices

When dealing with land & property supplies the VAT code most likely to be applicable for the Council is 'exempt'.

N.B. Not only must the correct VAT code be chosen, but if the transaction is exempt the word 'Exempt' must appear somewhere on the face of the invoice (new regulation from 1 January 2013).

The basic rule is that:

The 'grant' of any

- 'interest in or right over' land
 - 'licence to occupy' land, or
 - In relation to Scotland, any 'personal right' to call for or be granted any such interest or right
- is, subject to certain exceptions, an **exempt** supply. [VATA 1994, Sch 9 Group 1]

The term 'land' includes buildings, civil engineering works, walls, trees, plants and other structures and natural objects in, under or over it as long as they remain attached to it.

The main exceptions to the 'exempt rule' that would be applicable for property leases/hall lets are:

- Any supply where an election to waive exemption ('option to tax') has been exercised, i.e. if we have opted to tax the property then the lease is standard-rated. The list of buildings that have been opted to tax is provided on page 13
- Supplies falling within the following categories:
 - Hotel accommodation
 - Holiday accommodation
 - Caravan, tent pitches and camping facilities
 - Parking facilities
 - Sports facilities (not all types though)

Types of lease/let and VAT treatment:

VAT law can be quite cumbersome but the table below is a good starting point for ensuring the correct VAT treatment. This procedure document will also highlight areas of potential exception which you should refer to the Council's internal VAT team. The following is not exhaustive but should help give a guide to the main land and property supplies the Council bills for on a regular basis.

Transaction Type	Description	Usual VAT treatment
LEASE/RENTAL PAYMENTS		
Peppercorn lease	Usually £1 or less.	Outside scope of VAT
Rental Payments	Invoice for lease of a property which has not been 'opted to tax'	Exempt
Rental Payments ('opted to tax')	Invoice for lease of a property which has been 'opted to tax'	Standard Rated
Hall lets	Invoice for hall lets where property has not been 'opted to tax'.	Usually exempt – different rules apply if let for physical recreation use. See Hall Lets
Hall lets ('opted to tax')	Invoice for hall lets where the property has been 'opted to tax'	Usually standard-rated. See Hall Lets
ADDITIONAL SUPPLIES TO TENANT		
Service Charges	The VAT treatment of service charges and other payments relating to premises depends upon the nature of the property and the terms of the arrangement	See section below
Dilapidation payments	A lease may provide that the landlord can recover the cost of	Outside the scope of VAT

	restoring the property – considered to be a claim for damages	
Recovery of rent from a third party		Refer to the VAT team
Rent-free periods		Not a supply for VAT purposes unless the tenant agrees to do something in exchange for the rent. Refer to the VAT team.
Rent adjustments when buildings are sold or leases assigned		Outside the scope of VAT
Mesne profits	Damages for the profits lost by a landlord by reason of wrongful occupation.	Outside the scope of VAT

Service Charges and Other payments related to supply of property

There are often other charges raised against a tenant which relate to the lease/let, and the VAT treatment for these often follows the VAT treatment of the lease itself, i.e. if the lease is exempt the additional charges may also be exempt but it does depend on the nature of the property and the terms of the arrangement.

The following attempts to address the main charges that are applied by the Council in relation to land or property leases/lets.

Service Charge (General services for tenants of leasehold non-domestic property provided by the landlord)

If the lease stipulates that the landlord will provide, and the tenants pay for, the services required for the upkeep of the building as a whole then the charge usually assumes the same VAT liability as the rent payable under the lease, regardless of whether the lease provides for an 'inclusive rental' or whether this is charged as a separate 'service charge'.

In order to assume the same VAT liability as the lease the service charge must:

- Be connected with the external fabric of the common parts of the building, etc as opposed to the demised areas of the property of the individual occupants; and
- It is paid for by all the occupants through a common service charge

Specific services for tenants of leasehold non-domestic property provided by the landlord

These fall in to 3 categories of payment:

Further payment for main supply of accommodation	Follows VAT liability of lease payments so would normally be exempt unless property is 'opted to tax'
For supplies other than accommodation	Normally standard-rated
Disbursements	Outside the scope of VAT

N.B. A peppercorn rent (usually non-business for VAT purposes) will cease to be non-business if additional consideration is received from the tenant, the most likely consideration being additional payment for a service charge. It is therefore important that the terms of a peppercorn rent don't stipulate any payments from the tenant (regular or infrequent) that might be deemed to be a service charge. As an example, recharging utilities on an apportioned basis rather than a metered basis would likely be deemed to be a service charge.

Examples

The following examples show that the VAT treatment of specific services often depends on:

- who is the policyholder/named bill holder; and
- whether or not the tenant is being charged for a specific and separately identifiable/quantifiable service that they have used (such as a metered supply of electricity); and
- if the tenant is compulsorily being charged for a service regardless of whether they use it

Example	Description	VAT treatment
Insurance & Rates	If the landlord is the policyholder or rateable person, payment for insurance or rates from the tenant is part payment for the main supply.	Follows VAT liability of the main supply
	If the tenants are the policyholders or rateable persons, any payments on their behalf by the landlord should be treated as disbursements	Outside the scope of VAT
Telephones	If the telephone account is in the name of the landlord, and charged to the tenant	Standard-rated (this may only apply if the charge reflects the actual bill rather than just an apportionment of a bill)
	If the account is in the name of the tenant but the landlord pays the bill, any recovery from the tenant is a disbursement	Outside the scope of VAT
Reception & Switchboard	Landlord charges under the terms of the lease for use of facilities which form a common part of the premises.	Follows VAT liability of the main supply
Office Services	Separate charges for services such as typing, photocopying etc.	Standard-rated supply
	The lease has one inclusive charge for office services and accommodation for which the tenant pays whether they use it or not.	Follows VAT liability of the main supply
Fixtures & Fittings	While uncommon, some landlords make a separate charge for fixtures and fittings.	Standard-rated (but only if it's a separate charge, i.e. not included in the normal rent)
Electricity, light & heat	Un-metered – a landlord makes a separate charge for these services used by tenants but on an un-metered basis.	Follows VAT liability of the main supply
	Metered – the landlord may operate a secondary meter to give accurate usage readings for an individual tenant	Standard-rated
Management Charges	Charges for managing a development as a whole and administering the collection of service charges.	Follows VAT liability of the main supply
Recreational Facilities	Compulsory charges for recreational facilities whether or not the tenant uses the facilities	Follows VAT liability of the main supply
Shared premises	If the owner or tenant of premises does not grant other occupants an exempt licence to occupy, any service charge must be standard-rated. This applies even if the owner/tenant is simply passing on appropriate shares of costs, e.g. electricity, gas, telephone and staff wages. The only exception is where a bill is paid which is entirely the liability of another occupant, e.g. a telephone bill in the other occupant's name which can be treated as disbursement.	

Music Tuition

Music tuition is outside the scope for VAT purposes, as outlined in VAT Notice [VATEDU39200](#).

Many types of school do not provide education in return for fees and are therefore not in business (see [VATEDU25000](#)). However, they can make tuition charges for activities such as music or sports instruction or for surplus places filled by mature students on sixth form courses.

If the recipient of the education is receiving it under a statutory framework, e.g. a local authority school charging their pupils for swimming lessons, the charge can be treated as non-business.

However, if it is not being received under a statutory framework, e.g. a school providing sports instruction to non-school pupils, the activity is for business and the supply is exempt since it is made by an eligible body. This is under Schedule 9, Group 6, Item 1(a) of the VAT Act 1994 ([VATEDU15000](#)).

Car Parking Charges

There are 2 types of car parking; on-street, i.e. on the public highway, and car park.

On-street parking - Outside the scope of VAT

43.4(3) Where a public authority imposes charges (including excess parking charges) for parking at meter bays on the public highway, it does so under statutory powers that nobody other than a public authority can exercise. This activity is non-business.

Off-street parking - Standard-rated

HMRC's view is that non-taxation of local authority off street car parking would result in significant distortion of competition. Accordingly off street car parking income should be liable to VAT at standard rate.

Overpayments and Penalty Charges

Overpayments – There is a Traffic Regulation Order in place in order for EDC to charge in Car Parks. This means that overpayments related to charges are outside the scope of VAT. For example, if £1 is put in the meter for a charge of 80p, the 80p is standard-rated and the 20p overpayment will be outside the scope of VAT.

Penalty Charges - 43.4(3)

HMRC have always accepted that penalty charges imposed by local authorities operating off-street parking under the Road Traffic Act 1991 are outside the scope of VAT. However, where the terms and conditions make it clear that the driver can continue to use the facilities after a set period upon payment of a further amount without being in breach of contract then the payment is consideration for use of the facilities and subject to VAT at standard-rate. This applies whether the operator of the car park is a local authority or a commercial enterprise.

Mooring Fees

The grant or assignment of facilities for housing, or storage of, an aircraft or for 'mooring', or storage of a ship, boat or other vessel is **standard-rated**. 'Mooring' includes anchoring or berthing. [*VATA 1994, Sch 9 Group 1 Item 1(k) and Note 15*]; Reference: *Tolley's 41.18 (h)*

Included is both the letting of water-based mooring berths for pleasure boats and land sites for storage of boats on port land.

Summary:

If we let moorings for a fee then we should be charging VAT at standard-rate unless it is for a houseboat, in which case we should ensure the invoice is 'exempt' for VAT purposes.

Supply of Staff / Secondments

General Rule

Under normal circumstances, a supply of staff, i.e. where payment is received by the Council for the provision of the use of an individual employed by the Council, is regarded as being made in the 'course of furtherance of business' and VAT would be charged at the standard rate.

Local authorities are not allowed to have an unfair advantage over the private sector and so, in scenarios where a council is supplying a service in competition with the private sector, then this would be treated as business transaction and subject to VAT.

However, there are exceptions to the rule as follows:

Teaching Staff

Where a local authority provides staff to another education provider, then that supply would be regarded as **exempt from VAT** where the staff are used 'in an educational capacity associated with the provision of education to students'.

Supplies not made in the course of Furtherance of Business

Where supplies of staff are not made in the course of furtherance of business, they are considered to be **outside the scope of VAT**. This includes:

- Secondments between local authorities and by local authorities where they have statutory obligation or monopoly

Education provided under a statutory obligation is treated as 'non-business' (i.e. no VAT chargeable).

Supplies of staff to Education Scotland

Until there is final clarification from HMRC, the rule to follow is:

- Where staff are performing Curriculum Services = standard-rated
- Where staff are undertaking Inspection Services = exempt.

Housing repairs

The VAT treatment of local authority repairs to council houses and flats depends generally on whether responsibility for the repairs lies with the local authority or with the tenant.

Tolley's 43.4, 9(v)

- Repair and maintenance of dwellings

- Any repairs to its housing stock which a local authority is responsible for and which it carries out without charge are considered to be part of the non-business activity of providing public sector housing
- Any charge made to a tenant still in residence is a standard-rated supply of services to the tenant.
- Any charge for repairs and making good to a tenant who has vacated premises and left them in an unfit condition are regarded as compensation and outside the scope of VAT.
- Charges made to third parties to recover the costs of repairing damage to council dwellings are also regarded as compensation.

Any VAT incurred in carrying out repairs to dwellings can be recovered, either as input tax or under the refund scheme.

Tenant in residence

Where the tenant is responsible

Where a local authority carries out repair and maintenance work which, under statute or the terms of the tenancy agreement, is the responsibility of the tenant, and makes a charge to the tenant, its services are generally liable to tax at the standard rate.

Where the local authority is responsible

It is understood that, except where relieved of responsibility by Section 32(2)(a) of the Housing Act 1961, local authorities do not normally make a charge for work laid to themselves as landlord either by statute or the tenancy agreement.

Where an authority effects repairs and makes **no charge to the tenant**, it is regarded for VAT purposes as engaging in a **non-business activity**; no liability to output tax arises and the local authority is able to reclaim under Section 33 of the Value Added Tax Act 1994 any tax incurred on purchases in connection with the repair.

Repairs charged to a third party

Charges made to third parties to recover the costs of repairing damage which they have caused to council accommodation are regarded as compensation and incur no liability to VAT.

Tenants' Contributions to Permanent Installations of Central Heating, Double Glazing etc

This looks at the tax liability on improvements to a local authority premises where the tenant pays for the cost of the works. Where title to the installed goods remains with the local authority on the expiration of the tenancy, the VAT treatment is as follows:

- *Tenant pays by lump sum*

The lump sum payment is regarded as the consideration for the use of the central heating, double glazing, facilities etc and is taxable at the standard rate.

- *Tenant pays by instalments with rent*

If the payment is by instalments with the rent and for a limited time only, or relates to special items installed for the benefit of a particular person, e.g. an elderly person, which will not necessarily be appropriate under a different tenancy, then such payments are regarded as the consideration for a separate supply of the use of the additional goods and facilities, which is taxable at the standard rate.

- *Tenant pays a permanently increased rent*

Where items are installed in premises irrespective of the wishes of a particular tenant, the availability of items does not represent a separate supply for VAT purposes. In such a case, the rent charged is for the overall supply of the right to occupy that particular local authority domestic accommodation, the payment for which is the consideration for a supply not in the course of the local authority's business, i.e. no VAT is charged.

Travel and Subsistence Expenses

If you submit an expense claim to Payroll for the reimbursement of travel, fuel and subsistence costs, these must be substantiated with valid receipts. Where there is VAT on the expense, a valid VAT receipt must be submitted to Payroll. It is imperative that VAT receipts are retained for such expenses as EDC will be unable to recover the VAT on these costs without them.

Trade Waste Income

EDC has had to make several notification of error claims to HMRC in relation to income collected by the Trade Waste Team in recent years.

HMRC guidance on this issue is here: <http://www.hmrc.gov.uk/manuals/vatgpbmanual/VATGPB8875.htm>

In light of this, we have re-reviewed our practices in line with HMRC guidance and, to summarise:

All income should be outside the scope of VAT except the following instances, which would be standard-rated:

- Where EDC is subcontracted to collect waste by a commercial business for premises that are not their own
- Where EDC receives commission based on the tonnage of goods collected in the area, e.g. recycled goods
- The sale of bins or bin bags that are not of a specific design, e.g. they are not particular to EDC and can be sold by another body
- The sale of scrap materials

To assess the VAT liability, we need to consider what are we providing and what legislation it falls under. If the Local Authority has an obligation to collect the waste or if the waste relates to the Environmental Protection Act it is outside the scope of VAT.

Where we are asked to uplift waste from a person/company who is not the owner of the property, then this would be standard-rated for VAT purposes. An example of this is the subcontracting of waste collection, as in the recent Biffa cases. If waste is industrial (standard-rated) or clinical (standard with some exceptions), then this is not under the Environmental Protection Act and is not outside the scope of VAT.

Examples of VAT treatment of income collected by the Trade Waste team:

Income	VAT treatment	Income	VAT treatment
Collection of bulky domestic waste	Outside	Sale of dustbin bags (unspecified design)	Standard-Rated
Commercial waste collection services	Outside	Sale of dustbin bags (prescribed by local authority for refuse collection)	Outside
Commercial waste disposal by a waste disposal authority under the Environmental Protection Act 1990	Outside	Sale of recycling bags (unspecified design)	Standard-Rated
Industrial waste collection	Standard-Rated	Sale of recycling bags (prescribed by local authority for refuse collection)	Outside
Issue of industrial waste licence	Outside	Sale of recycled materials e.g. compost	Standard-Rated
Hire of refuse containers	Standard-Rated	Supply of dustbins for a charge (unspecified design)	Standard-Rated
Sale of collected items for recycling	Standard-Rated	Supply of dustbins for a charge (prescribed by local authority for refuse collection)	Outside
Sale of compost bins	Standard-Rated	Sale of refuse	Standard-Rated

With regard to other income streams that the waste team is involved in, commission based on a tonnage of collected items in the area, e.g. recycled clothes, should include VAT regardless of the customer.

Waste Electronic and Electrical Equipment (WEEE) Regulations

Payments may be made by the recycling agency to disposal authorities for the use of their household waste sites to meet the terms of the WEEE regulations. The payments are only made to local authorities and do not constitute a payment for a supply as they enable the payer to comply with the WEEE regulations. HMRC confirmed that such payments to the local authorities are non-business supplies.

Consumer & Trading Standards Charges

<http://www.hmrc.gov.uk/manuals/vatgpbmanual/VATGPB8880.htm>

VAT treatment of metrology fees.

With the introduction of independent third party approved verifiers and the concept of notified bodies, LWMAs are no longer in a statutory monopoly position to provide metrology services. This means that when LWMAs act under legislation which also applies to other types of approved verifiers their services are subject to VAT.

It has been agreed that the following VAT treatment applies. Where services are provided by a LWMA under:

- MIR - the activities are outside the scope of VAT as only a LWMA can provide verifications services under this legislation
- NAWI - the activities are standard rated because the legislation applies equally to a LWMA and third party approved verifiers
- MID - LWMA services can fall into two categories, so that where it:
 - conducts an initial verification of a new piece of weighing and measuring equipment, the supply is a standard rated business activity as these types of verification can be undertaken by third party approved verifiers
 - provides re-verification services under the Act, the activities are outside the scope of VAT as the Act states that re-verification can only be conducted by a LWMA
- the Weights and Measures Act - they are outside the scope of VAT as the services apply only to LWMAs.

East Dunbartonshire Council

Most of the services EDC delivers involves the exercise of statutory enforcement duties and we are not able to charge for the services provided. However, charges are applied in respect of the following services:

1) Verification of weighing and measuring equipment under relevant legislation

In relation to this we charge an hourly rate for the work in accordance with guidance which is produced annually and we follow relevant HMRC guidance in relation to VAT for these services. Most of the work we do is re-verification; however, most of this is carried out under NAWI, where VAT is charged irrespective of whether it's a verification or re-verification.

2) Licensing / registration activity

This accounts for the majority of our income on an annual basis - relevant licences / registrations for petrol filling stations, fireworks, and poisons. Applicable fees are listed with relevant legislation. We charge the fees outlined by statute in each instance, which are not subject to VAT.

3) Petrol record checks

We are asked from time to time to carry out record checks for companies that are carrying out environmental checks and provide information in relation to sites where petroleum spirit is or has been stored. We apply the same hourly rate as outlined in 1) above in respect of this work, to which VAT at the standard rate is added.

Meals on Wheels

Where a local authority provides food to a charity or voluntary organisation for the provision of a meals on wheels service on its behalf, the supply of food is a non-business activity and therefore outside the scope of VAT. However, all supplies of food made to such an organisation for onward supply while still hot, i.e. for luncheon clubs, are to be treated as standard-rated as they are made in the course of catering.

Hourcare

The liability for the provision of alarms is detailed here and the distinction is made between eligible and ineligible groups who qualify for relief from tax on the supply.

Group 12, Schedule 8 of the Value Added Tax Act 1994 provides for relief of certain goods and services supplied to disabled people including distress alarms. It must be stressed that the relief does not apply to distress alarm systems supplied to non-disabled persons such as the elderly.

A local authority's supply of a distress alarm system to a non-disabled person is unaffected by the Order and the VAT treatment is as follows:

- to a private sector householder at his/her own request - taxable at the standard rate
- to a local authority tenant in ordinary council accommodation at his/her own request - taxable at the standard rate
- to a local authority's own tenant in sheltered accommodation where the distress alarm system is permanently installed and the tenant has no choice in the matter - the supply is considered to be part of the supply of accommodation, which is a non-business activity of the local authority, i.e. no VAT is charged

VATGPB8120 - Other local authority activities: welfare: community alarms

It is common for the elderly or vulnerable to be provided with an alarm to alert a responsible person in the event of a fall, illness or threat of danger. They may be hard wired into a residence or portable so that they can be worn or carried by the person. Alarms are usually monitored by a contact centre or monitoring service who provide assistance if the alarm is activated.

Where an alarm provided by a local authority is supplied as part of a package of formal welfare services it is a non-business supply. Any payment made by an individual to the local authority is outside the scope of VAT. If an alarm is wired to become an integral part of the home of a local authority tenant and any contribution is by means of an increased rent, that is also a non-business supply.

In any other circumstance the supply of an alarm is generally standard rated. However, it may be zero-rated where the disabled person themselves contracts for the installation of an emergency alarm call system (linked to a specified person or call centre) in their own home. For more information see Notice 701/7 'VAT reliefs for disabled people'.

Hire of a school kitchen

If a PTA wants to hire of a school's kitchen, this would be exempt from VAT. Per VAT notice 742, this would be a right to occupy land and therefore exempt from VAT.

Sale of Memorials

The sale of Foundations - BRN02 503051 – should not have VAT included in the invoice. The VAT status of invoices should state that they are OUTSIDE the scope of VAT.

Charities

Where you are raising an invoice to a charity, normal VAT rules prevail: the status of the customer as a charity does not impact on the VAT status. Whilst charities often do not charge VAT on supplies they make to EDC, this does not mean that they are not charged VAT on the purchase of goods and services provided by EDC.

Printed Matter

As per VAT notice 701/10 (para 4.5), photocopying producing items that could be described as pamphlets and leaflets (per the guidance in paragraphs 3.2 and 3.3) can be zero-rated for VAT.

Magazines copied for churches and ramblers groups consist of several sheets of reading matter fastened or folded together and comprise matters of a political, social or intellectual nature and so are considered by EDC to be pamphlets and can thus be zero-rated for VAT.

Equally, as long as the leaflets are of a single sheet of paper, no bigger than A4, are designed to be hand-read rather than put on a noticeboard, also designed to be distributed but not retained (no calendars or reference material) and at least 50 copies are produced, then these can also be zero-rated.

It would be useful to keep an electronic copy of work in the categories above so the nature of it can be clearly seen. Items such as calendars, ballots, tickets, invitations and judging and calling cards should be standard-rated for VAT (20% currently).

VAT notice 701/10:

<https://www.gov.uk/government/publications/vat-notice-70110-zero-rating-of-books-and-other-forms-of-printed-matter>

Nursery Fees

Many children under 5 attend:

- state nursery schools
- nursery classes attached to primary schools
- playgroups in the voluntary sector
- privately run nurseries
- after school clubs.

A number of schools provide early or pre-school education (before compulsory education). All children aged 4 should be able to access an early education place and some early education and childcare services offer free part-time early or pre-school education to 3 year olds. This is paid for at the discretion of local authorities. Places for children under 3 in voluntary or private pre-school settings are paid for largely by parents.

The provision of pre-school education (without charge) is non-business; breakfast clubs and after-school child-minding/homework clubs are also non-business in the local authority sector even when a charge is made. This is on condition that the school offers the service strictly to its own pupils and that the fee charged is designed to no more than cover overhead costs.

The provision of a day-nursery is a business activity. If the provider is registered with OFSTED, which is most likely as there are few exemptions from registration, then the supplies are an exempt supply of welfare services, as they are being provided in a state-regulated institution [VAT Act 1994, Schedule 9, Group 7, Item 9 refers]. Otherwise, the supplies will normally be standard-rated. However, if the supplier is an eligible body and there is clear evidence that the supplies follow an educational curriculum, exemption under Group 6 may be appropriate. If you come across such cases you should consult the Education Unit of Expertise or VAT Liability Policy Team before giving a ruling.

Exemption extends to the supply of meals and drinks for the children, as well as other sundry items provided as part of the children's care such as picture books, crayons and toys. It does not however, extend to supplies such as children's parties or day trips where the supply is advertised as a separate and identifiable package (this is a provision of entertainment rather than care), or to supplies of meals and drinks to staff and visitors.

Where a local authority provides nursery services to children in care under obligations imposed by the Children Act 1989, this is considered to be non-business.

Registration Fees

Per VAT Notice 749, 5.8.3 'Issuing statutory licences, etc' public authorities charge for various forms of licensing and approval in a broad range of public activities taking place in their area, e.g. approving premises for civil marriages, registering childminders, issuing fire certificates, and licensing and registering firearms. In doing so, the authorities are empowered to act under special legal provisions that private traders cannot call upon. This is a non-business activity.

From CIPFA's VAT liability index:

Registrar's Activities	Registration of civil partnerships	Non Business	OS
	Attendance at marriages in registry office, civil venue and churches	Non Business	OS
	Certificates of births, deaths and marriages	Non Business	OS
	Notices of marriage	Non Business	OS
	Registration of buildings for worship and marriage	Non Business	OS
	Citizenship ceremonies	Non Business	OS
	Commitment ceremony	Business	SR
	Nationality checking service	Business	SR

Building Insurance

Landlord as insured person

Where the landlord is the insured person, the recharge of insurance will follow the liability of the main supply (ie the rent or service charge for the premises):

- if the landlord has not opted to tax, both insurance and the rent/charge are exempt from VAT
- if the landlord has opted to tax, the insurance and the rent/charge are both standard-rated

Tenant as insured person

Where the tenant is the insured person and the landlord arranges the insurance on behalf of the tenant, the recharge is merely a disbursement and not the consideration for a taxable supply. It is thus outside the scope of VAT.

Insurance recharges

Authority acting as agent

Where an authority merely collects insurance premiums from third parties who are insured by the insurance company, and are a named policy holder, then the charge by the local authority is outside the scope of VAT, because it is merely a disbursement.

Authority acting as principal

Where an authority collects insurance premiums from a third party, and that third party is not named on the policy that the authority holds with its insurance company, then the authority is acting as principal. If the authority makes a supply of insurance, that supply is exempt from VAT and subject to insurance premium tax (IPT). Care should be taken in this situation in order to ensure that the regulatory regime applying to insurers is complied with.

Business Improvement Districts

Business improvement districts (BIDs) are a partnership between local authorities and local businesses to provide additional services or improvements to a specified area. This is funded in whole or in part by a levy additional to the non-domestic rates. BIDs do not fall within the definition of a local authority in the Value Added Tax Act 1994 and are not eligible for the Section 33 VAT refund scheme.

HMRC subsequently clarified the position of BIDs in relation to VAT:

- The BID levy, as collected by the local authority, is local authority property and is ringfenced for the specific purpose of the BID.
- The BID company is the sub-contractor engaged by the local authority to deliver the BID objectives.
- The BID company is making taxable supplies to the local authority, and in the normal way must charge VAT to the local authority.
- This VAT will be charged via an invoice that the BID company will issue to the local authority for payment of the BID levy income.
- The local authority can recover that VAT, subject to the normal rules.
- The BID company can then recover any VAT it incurs in delivering the BID services, subject to the normal rules.

The majority, if not all, of the income received by the BID company from the local authority will be taxable, but there may be certain circumstances where exempt supplies are made, although this is considered to be highly unlikely. Where such supplies are made any VAT incurred by the BID will be irrecoverable.

The operating agreement between the local authority and the BID company will need to incorporate these provisions in relation to the charging of VAT on the BID levy invoice.

Collection of the BID levy by the local authority falls outside the scope of VAT being a statutory levy which is no different to the collection of Business or Non-Domestic Rates.

Where a BID company contracts with a local authority to deliver BID services that company is seen to be making supplies to the local authority. The majority of those supplies will be taxable at the standard rate although it is possible that certain exempt and zero-rated supplies might also be made. Any VAT charged to the local authority by the BID Company can be recovered under section 33 (see VATGPB4000):

<http://www.hmrc.gov.uk/manuals/vatgpbmanual/VATGPB6670.htm>

Property Searches 'Con 29'

'Con 29' property searches apply in England and they were due to be changed from 'Outside the Scope' to Standard-Rated from February 2016. However, this has been appealed and a decision is likely in July 2016. Although Con 29 searches do not apply in Scotland, it may be prudent to apply VAT on similar property searches. Guidance will be issued when a final decision is reached by HMRC.

VAT LIABILITY INDEX

http://www.tisonline.net/taxreference/vat_las/?section=VAT%20Liability%20Index

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This table, provided by HMRC, shows the VAT liability for local authority services. Further information on these services can be found in the main content of the information stream.

Key:

EX - exempt

SR - standard rated

ZR - zero rated

RR - reduced rate

NA - not applicable

OS - outside the scope of VAT

Description	Income Sub-Description	Business or Non-Business	VAT
Burials	Entries in book of remembrance - cemeteries	Business	SR
	Headstones, stone tablets, inscriptions	Non Business	OS
	Interment of ashes performed under Local Authority Cemeteries Order 1977	Non Business	OS
	Maintenance of graves	Non Business	OS
	Maintenance of gardens, war memorials etc.	Non Business	OS
	Memorial seats	Non Business	OS
	Memorial cards	Business	SR
	Removal and re-fixing of a tombstone	Non Business	OS
Cremations	Cremation certificates	Non Business	OS
	Headstones, stone tablets, inscriptions – crematoria	Non Business	OS
	Entries in book of remembrance - crematoria	Business	SR
	Entries in joint books of remembrance	Business	SR
	Interment of ashes performed under Local Authority Cemeteries Order 1977	Non Business	OS
	Maintenance of gardens, war memorials etc	Business	SR
	Trees, bushes and plants	Business	SR
	Memorial cards	Business	SR
	Memorial seats	Business	SR
Burials & Cremations	Donated funds to be spent on the provision of facilities in public spaces (eg benches), even where including a memorial plaque	Non Business	OS
	Trees, bushes and plants	Business	SR
Car Parking & Road Safety	Car parking fees - on street	Non Business	OS
	Excess charges - on street	Non Business	OS
	Overpayments - on street	Non Business	OS
	Car parking fees - off street	Business	SR
	Excess charges - off street for stay longer than paid for and if under RTA 1991	Non Business	OS
	Excess charges - off street and other circs	Business	SR
	Overpayments (off street and provided not free parking)	Business	SR
	Car parking fines - illegal parking	Non Business	OS
	Removal of illegally parked cars - on street (police only)	Non Business	OS
	Removal of parked cars - off street (overstay/dangerous parking)	Business	SR
	Removal of abandoned vehicles	Non Business	OS
	Cycle training	Business	SR

Description	Income Sub-Description	Business or Non-Business	VAT
	Sale of road safety leaflet	Business	ZR
	Sale of motorbike/pedal cycle helmets: adults/children if comply with specific standards	Business	ZR
Education - Catering	Meals supplied to pupils/students at or below cost (by local authority)	Non Business	OS
	Meals supplied to non students	Business	SR
	Meals provided to non local authority establishments	Business	SR
	Vending machine sales - non school	Business	SR
	Vending machine sales on school premises to pupils at or below cost	Non Business	OS
Education - Uniforms & Clothing	Adults' clothing & sportswear	Business	SR
	Children's clothing & sportswear - see PN714 for reqs	Business	ZR
	School uniform - if within measurements in PN 714 or meet reqs in para 6.1	Business	ZR
	School uniform - otherwise	Business	SR
Education - Courses & Trips	Educational course fees (e.g. adult education)	Business	EX
	Examination fees - supply is to pupil	Business	EX
	Recreational courses	Non Business	OS
	School trips (pupils)	Non Business	OS
	Training courses by local authority or other public body	Business	EX
	Training courses by non-profit making body (eg charity)	Business	EX
	Training courses by commercial profit-seeking entity	Business	SR
	Sale of goods & services to pupils in local authority schools (when closely related to education)	Non Business	OS
Education - Sales	Sale of goods & services icw vocational/other education (closely related to training/education)	Business	EX
	Sale of books	Business	ZR
	Sale of sports equipment	Business	SR
	Sale of students' work (if sold at no more than cost of materials)	Non Business	OS
Education - Misc.	Commission on school photographs - headteacher employee of local authority	Business	SR
	Commission on school photographs - headteacher agent of governors	Not Applicable	NA
Environment	Drain clearance: private individuals	Business	SR
	Emptying cesspits: commercial (if industrial user as defined in PN701/16)	Business	SR
	Emptying cesspits: domestic (or commercial but non industrial user)	Business	ZR
	Making good builders' debris (if road hazard and notice served but not complied with)	Non Business	OS
	Sewer connections - first connection of existing dwelling or non-res converted to residential	Business	SR
	Skip licence - on street	Non Business	OS
	Supervision fees for inspection of roads/sewers	Non Business	OS
	Private sewer repairs - owner agrees to works	Business	SR
	Private sewer repairs - default works without agreement of landowner	Non Business	OS
	Public sewer repairs (on private land)	Business	SR
	Pest control - no specific charge	Non Business	OS
	Pest control - charge made	Business	SR
	Pest control - costs recovered icw non compliance with statutory notice	Non Business	OS

Description	Income Sub-Description	Business or Non-Business	VAT
	Removal of dead animals - charge made and special legal regime	Non Business	OS
	Meat handling, weighing & ripening services	Business	SR
	Food hygiene certificate courses	Business	EX
	Trading standards - licence fees	Non Business	OS
	Use of public conveniences	Non Business	OS
	Sales from machines in public conveniences (NB women's sanitary products reduced rate)	Business	RR
	Portaloos hire charges	Business	SR
Environment - Local Weights & Measures Authority	Verification under Weights & Measures Act 1985 (transitional provisions)	Non Business	OS
	Verification under Measuring Instruments Directive (MID) 2004/22 EC (various regulations)	Business	SR
	Re-verification after adjustment under MID 2004/22 EC Directive 90/384 (SI 2000 No. 3236)	Non Business	OS
	Verification under Non-Automatic Weighing Instruments Directive (NAWI)	Business	SR
	Verification under Measuring Instruments (EEC Requirements) Regulations 1988 (MIR)	Non Business	OS
Highways	Carriageway reinstatement - if district council serves notice on county council	Non Business	OS
	Carriageway reinstatement - if district council wins tender to undertake work	Business	SR
	Carriageway reinstatement: specified by utility company	Business	SR
	Erection of directional signs - if acting as highways authority and complies with SI 1994/1519	Non Business	OS
	Supply and erect street name plates	Non Business	OS
	Erecting banners/flags	Business	SR
	Lamping dangerous structures	Non Business	OS
	New private road construction - commercial	Business	SR
	New private road construction - dwellings (if simultaneous or within z/r time limits)	Business	ZR
	Private street works - statutory obligation	Non Business	OS
	Private street works - owners' request	Business	SR
	Reinstatement charge - insurance company (council property)	Non Business	OS
	Reinstatement charge - individual (if council property)	Non Business	OS
	Supply of tarmac	Business	SR
	Dropped kerbs/carriageway crossings - notice issued or at owner's request	Non Business	OS
	Dropped kerbs/carriageway crossings - local authority advises owner work needed and works pre-notice	Business	SR
	Works in default – at occupiers request	Business	SR
	Works in default – by statutory obligation	Non Business	OS
Housing - Fees & Charges	Damage cost - charged to tenant while still in residence	Business	SR
	Damage cost - charged to tenant after has vacated	Non Business	OS
	Damage cost - third party	Non Business	OS
	Laundry charges	Business	SR
	Recovery of bed & breakfast costs	Non Business	OS
	Water rate collection commission	Business	SR
Housing - Land & Rents	Commercial rents	Business	EX
	Council house rents	Non Business	OS
	Garage rents - in proximity to flat/house rented by same local authority landlord to same tenant	Non Business	OS

Description	Income Sub-Description	Business or Non-Business	VAT
	Garage rents - to tenant/leaseholder not meeting above conditions/any freeholder and other	Business	SR
	Garage rents - right to buy leaseholder where rented by same local authority landlord to same leaseholder	Non Business	OS
	Ground rent on leases	Business	EX
	Residents' parking permits	Non Business	OS
	Sale of land (freehold/leasehold)	Business	EX
	Commercial listed buildings - repair/alterations	Business	SR
	Council house sale - Local authority constructor	Non Business	OS
	Council house sale - local authority not constructor	Business	EX
	Protected buildings (dwellings, relevant residential/charitable) - approved alterations	Business	ZR
	Protected buildings - repair	Business	SR
	Property improvement grants - fee charged to homeowner	Business	SR
	Sale of commercial property – less than three years old (1/4/89)	Business	SR
	Sale of commercial property - over three years old and no OTT (1/4/89)	Business	EX
	Specific building alterations for the disabled (VATA 1994 Sch 8 Group 12)	Business	ZR
	Exempt supplies subject to the option to tax	Business	SR
Housing - Service Charges & Hot Water	District heating - leaseholders/freeholders (if part of service charge)	Business	EX
	District heating - tenants (if included in rent charged and no separate charge)	Non Business	OS
	District hot water - leaseholders/freeholders (if part of service charge)	Business	SR
	District hot water - tenants (if included in rent charged and no separate charge)	Non Business	EX
	Service charges - communal areas	Non Business	OS
Housing - Water Supplies	Private water supplies made under 'private water supply regulations' from 1 December 2009	Non Business	OS
Housing - Misc.	Insurances	Business	EX
	Overpayment of housing benefit	Non Business	OS
	Rechargeable works	Variable	Variable
	Works in default - statutory notice and owner refuses to comply	Non Business	OS
	Works in default – owner agrees to comply	Business	SR
Land & Property - General	Allotment rents	Non Business	OS
	Letting of market pitches - on street	Non Business	OS
	Letting of market pitches - off street	Business	EX
	Letting of market pitches - off street (with option to tax in place)	Business	SR
	Hire of market stalls (components of the stall such as trestles, metal frames, awning, "table-top" etc)	Business	SR
	Holiday accommodation caravans/beach huts	Business	SR
	Letting of seasonal pitches for caravans (not principle residence)	Business	SR
	Facilities for mooring of residential houseboat (no option-to-tax)	Business	EX
	Commercial rents	Business	EX
	Protected buildings - approved alterations	Business	ZR
	Protected buildings - repair	Business	SR
	Sale of bare land	Business	EX

Description	Income Sub-Description	Business or Non-Business	VAT
	Supplies of land subject to the option to tax	Business	SR
Land & Property - Smallholdings Authority	Smallholding let for smallholding purpose (Smallholdings (Selection of Tenants) Regulations 1970)	Non Business	OS
	Smallholding let for purpose other than smallholding (Agriculture Act 1970, Section 49(1))	Business	EX
	Smallholding let for purpose other than smallholding (Agriculture Act 1970, Section 49(1)) with option to tax	Business	SR
Leisure - Fees & Charges	Admission to swimming baths	Business	SR
	Admission to sports centres	Business	SR
	Admission to sporting events	Business	SR
	Coaching fees	Business	EX
	Educational course fees	Business	EX
	Hairdryer receipts	Business	SR
	Hire of sports facilities - non sporting	Business	EX
	Hire of sports facilities/pitches - sporting (series of lets)	Business	EX
	Hire of sports facilities/pitches - sporting (not series of lets)	Business	SR
	Memberships - sports centres (NB current appeal to tribunal)	Business	SR
	Hire of sports equipment	Business	SR
	Locker charges	Business	SR
	Occasional sports licences (e.g. licence fee paid to hold race in local authority owned park)	Non Business	OS
	Recreational course fees	Business	EX
Leisure - Sales	Adults clothing & sportswear	Business	SR
	Children's clothing & sportswear (iaw PN 714)	Business	ZR
	Confectionery & drinks	Business	SR
	Publications	Business	ZR
	Sports equipment	Business	SR
	Video game machines	Business	SR
Libraries - Fees & Charges	Library fines - lost/damaged/overdue books	Non Business	OS
	Library fees & fines - lost/damaged/overdue CDs, DVDs etc	Non Business	OS
Libraries - Sales	Sale of folded maps	Business	ZR
	Sale of framed pictures	Business	SR
	Sale of maps via internet	Business	ZR
	Sale of pictures via internet	Business	SR
	Sale of old stock - books (printed)	Business	ZR
	Sale of old stock - records, tapes, dvds, cds	Business	SR
	Talking books	Business	SR
Libraries - Misc.	Disposals of equipment (where chargeable)	Business	SR
	Photocopies	Business	SR
Misc. Receipts - Fees & Charges	Admission fees to lectures	Business	EX
	Catering facilities	Business	SR
	Compensation	Non Business	OS
	Damage cost	Non Business	OS
	Dogs found and taken to kennels - statutory fine (currently £25)	Non Business	OS
	Dogs found and taken to kennels - administration fee/collection cost	Non Business	OS
	Dogs found and taken to kennels - kennel fee	Non Business	OS
	Donations	Non Business	OS
	Filming rights no defined area e.g. street estates	Business	SR
	Filming rights - site rental e.g. depots/school halls	Business	EX

Description	Income Sub-Description	Business or Non-Business	VAT
	Lease cars - employee contributions	Non Business	OS
	MOT tests (if not above stat. fee)	Non Business	OS
	Hire of equipment	Business	SR
	Hire of space on notice board	Business	SR
	Photocopying charges	Business	SR
	Private telephone calls	Business	SR
	Telephone box income	Business	SR
Misc. Receipts - Sales	Bar receipts	Business	SR
	Drinks machine takings	Business	SR
	Sale of agenda/minutes	Non Business	OS
	Sale of badges	Business	SR
	Sale of books/leaflets	Business	ZR
	Sale of borough maps	Business	ZR
	Sale of copy plans (if plans icw statutory planning permission etc)	Non Business	OS
	Sale of beverages	Business	SR
	Sale of electoral register	Non Business	OS
	Sale of equipment	Business	SR
	Sale of photographs	Business	SR
	Sale of postcards	Business	SR
	Sale of posters	Business	SR
	Sale of stationery	Business	SR
	Sale of sweets	Business	SR
	Sale of vehicles, equipment etc.	Business	SR
Planning	Building control fees - commercial premises	Business	SR
	Building control fees - dwellings	Business	SR
	Local land search fees	Non Business	OS
	Planning fees	Non Business	OS
	Sale of photocopied lease documents	Business	SR
Refuse Collection	Collection of bulky domestic waste	Non Business	OS
	Commercial waste collection services	Non Business	OS
	Commercial waste disposal by a waste disposal authority under the Environmental Protection Act 1990	Non Business	OS
	Industrial waste collection	Business	SR
	Issue of industrial waste licence	Non Business	OS
	Hire of refuse containers	Business	SR
	Sale of collected items for recycling	Business	SR
	Sale of dustbin bags (unspecified design)	Business	SR
	Sale of dustbin bags (prescribed by local authority for refuse collection)	Non Business	OS
	Sale of recycling bags (unspecified design)	Business	SR
	Sale of recycling bags (prescribed by local authority for refuse collection)	Non Business	OS
	Sale of compost bins	Business	SR
	Sale of recycled materials e.g. compost	Business	SR
	Supply of dustbins for a charge (unspecified design)	Business	SR
	Supply of dustbins for a charge (prescribed by local authority for refuse collection)	Non Business	OS
	Sale of refuse	Business	SR
Registrar's Activities	Registration of civil partnerships	Non Business	OS
	Attendance at marriages in registry office, civil venue and churches	Non Business	OS
	Certificates of births, deaths and marriages	Non Business	OS
	Notices of marriage	Non Business	OS
	Registration of buildings for worship and marriage	Non Business	OS

Description	Income Sub-Description	Business or Non-Business	VAT
	Citizenship ceremonies	Non Business	OS
	Commitment ceremony	Business	SR
	Nationality checking service	Business	SR
Social Services - Children - General	Childminder inspection fees	Non Business	OS
	Day nurseries & playgroups. NB Budget 2005 non business for local authority 'childcare' awaiting legislation	Business	EX
	Guardian ad litem (probation) fees	Non Business	OS
Social Services - Disabilities	Persons in need of residential care (contribution can be requested)	Non Business	OS
	Day-care (contribution can be requested)	Non Business	OS
	Provision of educational/recreational facilities (contribution can be requested)	Non Business	OS
	Provision of meals in the home or elsewhere (contribution can be requested)	Non Business	OS
	Provision of a telephone and associated specialised equipment (contribution can be requested)	Non Business	OS
	Sheltered employment	Non Business	OS
	Sale of work from sheltered workshops	Business	SR
	Car badges for disabled persons	Non Business	OS
Social Services - Elderly - General	Adaptation of property for disabled (tenant in local authority property)	Non Business	OS
	Adaptation of property for disabled (private property and meets z/r conditions)	Business	ZR
	Letting of day centres	Business	EX
	Meals on wheels - if part of package of care	Non Business	OS
	Meals on wheels - otherwise	Business	SR
	Registration fees for homes	Non Business	OS
	Welfare services - home help etc. (check specific legislation)	Non Business	OS
Social Services - Elderly - Residential Care	Accommodation fees - residents (if part of package of care)	Non Business	OS
	Accommodation fees - staff (if in line with Goodfellows tribunal decision)	Non Business	OS
	Accommodation fees - visitors	Business	SR
	Domiciliary laundry services	Non Business	OS
	Meals - residents (if part of package of care)	Non Business	OS
	Meals - staff	Business	SR
	Meals - visitors	Business	SR
	Occupational therapy products - where retained by patient	Non Business	OS
	Occupational therapy products - otherwise	Business	SR
	Recreational holidays for elderly qualifying person (Chronically Sick and Disabled Persons Act 1970 s2(1)(c)(f))	Non Business	OS
	Rental of telephone, TV, radio under Chronically Sick & Disabled Persons Act 1970 s2(1)(b)	Non Business	OS
	Sale of personal effects	Non Business	OS
	Services supplied to staff in residential establishments	Business	SR
Social Services - Mental Health	Persons in need of residential care (contribution can be required)	Non Business	OS
	Day centres	Non Business	OS