

DERBYSHIRE COUNTY COUNCIL

VAT Guide

VAT Guidance to all employees

Accounts Receivable



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Value Added Tax - Accounts Receivable

- 1 The SAP system automatically posts VAT in Accounts Receivable to the GL Account 704100 but you must enter the appropriate VAT code. A manual code 704110 allows for VAT postings where for instance a journal transfer is made because of an earlier error or change. It is vital for VAT accounting purposes that when posting to the financial ledger you use the correct VAT code. The financial ledger must have integrity including accurate postings to the VAT account. Further information about VAT coding can be found in **Box 4** below.

Schools

- 2 Schools finance staff should also refer to the separate supplement for schools.

HM Revenue & Customs

- 3 VAT is administered by HM Revenue & Customs ('HMRC') and we submit a VAT refund claim every month. The claim must be accurate and of course this will reflect information posted to the financial ledger in SAP. A penalty system operates and errors deemed 'careless' in accounting for VAT can trigger a penalty of at least 20% of the VAT error and potentially up to 100%. Even where we discover errors we must in certain instances disclose such errors. It is therefore imperative that as far as possible all entries to the VAT account are accurate and reflect the proper VAT position. Please inform the county VAT Officer before any action is taken to adjust a posting in the VAT account.
- 4 Each time we submit a refund claim we are making a legal statement as to its accuracy, which is why everyone posting to the financial system has a role to play in ensuring VAT is posted correctly.
- 5 Further information about how the VAT system works can be found in the **accounts payable** part of the VAT guidance.

The Basics

- 6 VAT is chargeable when we supply goods and services to third-parties in return for money or some other payment in the form of a business supply. This puts us on the same level as any other supplier of goods or services and ensures that we do not gain an advantage. VAT is not chargeable on internal recharges within departments of the Council or to the Derbyshire Fire & Rescue Service or the Peak District National Park Authority.

Box 1

Please ensure you understand the VAT treatment for all income received. If you have supplied something to a customer or client by way of goods or services or a mix of both for payment then this will be a supply for VAT

purposes.

A list of typical items where the Council receives income and the VAT liability is at **Annex 6** Where the money received relates to a **non-business** activity then no VAT need be charged – there is no easy definition of ‘non-business’ but generally it is where the Council operates under a special legal regime which the private sector cannot provide.

Where the supply is by way of **business** then there will be a need to establish the VAT treatment. Please also watch for **‘barter’ transactions** where other services or goods might be supplied in lieu of money, often specific to land deals.

- 7 **A grant** is always non-business but it is not always clear if a payment received is a grant or whether it might be payment for a supply made. You might wish to check what the contract says but you should seek advice from the Council VAT Officer to ensure the correct decision is made.
- 8 The majority of items for which VAT is due will fall as standard-rated and the current VAT rate is 20%. However, there are many exclusions from the standard-rate so you will need to consider **Annex 2 and Annex 6** for more detailed examples.

Types of Income

- 9 Money comes in to the Council usually by way of payment on the spot, e.g. car parking fees, or as a result of a VAT invoice being issued, either way both result in a posting to the SAP system.
- 10 Cash receipts are often paid at remote sites such as schools, care homes, countryside centres and are paid in through the banking/PO system. Any VAT charged is included in the amount received so for instance,
 - if you receive £50 in cash and the item(s) is standard-rated the amount of VAT due to HMRC is $£50 \times 1/6 = £8.33$ and £41.67 would be credited to your income code.
- 11 Guidance has been issued about procedures for paying in monies through the banking or Post Office Giro system. Paying-in slips require the appropriate VAT codes please **see Box 4**.
- 12 A debtor is one to whom we issue a VAT invoice and in that instance where VAT is due we add VAT at the standard-rate to our charge. For instance if County Transport agrees to service vehicles for another Council and issues a debtor invoice the VAT will be charged at 20% of the value, for example
 - Service charge $£1000 \times 20\% = £200$ VAT. The total due is therefore £1200.
- 13 Where VAT is chargeable to another VAT registered body whether a Council or business it should be recoverable by the other party. However, this is not

always the case, universities, FE Colleges, financial and insurance companies often cannot reclaim VAT and neither can members of the public and sometimes charities. When quoting for costs you should ensure you give the VAT exclusive amount with a proviso that VAT will be added if necessary.

- 14 You should refer to the **SAP Mini-guide 'Accounts Receivable – How to create an invoice'** using transaction code FB70 for details on raising an invoice. You will note that a VAT code is mandatory when posting to SAP – **see Box 2 below.**

Box 2 - Completing a VAT invoice

A full description must be entered on an invoice. For instance if the supply is one of services then you should specify exactly what is being supplied. For example Debbie is employed by Derbyshire as an HR advisor. She advises an academy and this requires her attendance at various meetings over a period of time. A full description might be

'Provision of HR advisory services for the period January 2011 – June 2011'

Sub-heading - Header Text - Reference

- Attendance at meetings - telephone Calls - written advice

There is no need for great detail but you need to show whether goods or services have been supplied and in what quantity. Please refer to the **Accounts Payable section Box 5** for an example of a tax invoice.

Time scales for Invoices

- 15 VAT invoices must be issued within specific timescales. Local authorities have a concession from HMRC allowing this to be extended from the normal 14 days to two months. However, failure to follow these rules will lead to the actual taxpoint reverting to when the goods were supplied or services finished. Invoices should therefore be issued as soon as possible to comply with these regulations and of course to improve cashflow. A further explanation of the taxpoint rules and timescales for raising invoices is included in **Box 3 below.**

Box 3 - Timescale for raising a VAT invoice.

Tom manages properties for several Councils, with an agreement that a VAT invoice will be raised every month for his services. His services are continuous and run from one period to the next without a break. The issue of a tax invoice will create a taxpoint each month. A taxpoint is the date when the VAT charged must be accounted for in the VAT account and included on the VAT return for that period.

On the other hand Sally has been managing a different project, without stipulation as to when bills will be raised. She ensures invoices are raised

every 3 months but sometimes things slip and she finds it is 6 months since the last bill. Although this might not be good for cashflow purposes the fact that the contract is 'silent' on when bills are raised and that her services, like Tom's are continuous means that the VAT rules are not broken.

Bill on the other hand works in legal services and he deals with projects case by case. He sometimes undertakes work for a district council. He usually raises a VAT invoice when everything has been settled. As soon as the job is completed and he has no further work to do the clock starts as far as the two month's is concerned. So Bill should issue a VAT invoice within two months. If he doesn't then the taxpoint will revert to when he completed the job. Here is how this works.

1st February – Bill is engaged to undertake the project

30th June - he finishes the project and informs the client that all work is completed, on the same day he receives an email accepting this and asking for a bill to be raised – the two month clock starts to tick.

1st September – he authorises a VAT invoice and it is sent out dated 2nd September

The invoice should have been issued by 31st August had it been the VAT would have been paid to HMRC in the August VAT return.

The invoice instead is paid over in the September VAT return a month late – HMRC would then seek to make the taxpoint the 30th August and that would mean we under-declared our VAT in August.

We could be charged interest and possibly penalties if this was widespread.

Coding

- 16 The importance of correct posting cannot be under-stated, incorrect posting can lead to errors and to the possibility of penalties. The current VAT codes are as follows in **Box 4 below and if in doubt please speak with the Council VAT Officer – please do not guess!**

Box 4 - VAT Codes Accounts Receivable

- AA Standard-rate 20% - from 4th January 2011
- A2 Reduced-rate 5%
- A0 zero-rate
- A9 exempt
- AN non-business

Previous rates covered the following periods.

- A1 17.5% (from 1st January 2010 – 3rd January 2011)

- | |
|--|
| <ul style="list-style-type: none">• A5 15% (from 1st December 2008 – 31st December 2009) |
| |

Box 5 - The various nil rates

VAT is charged at nil in many different instances but please note that in general where no VAT is due it is likely that the code AN will be appropriate. The code A9 is used for lettings and rental income as well as some educational activities. A0 is primarily for those items deemed zero-rated such as books, food, transport etc. Please do not use A0 as a default nil VAT code if in doubt speak with the Council VAT Officer. **Please see Annex two for further information.**

Exempt income

17 There are specific VAT reporting requirements, known as the partial exemption regulations, that require details of all exempt income received to be analysed and associated VAT on expenditure identified. It is not the value of the exempt income that is important but rather the VAT on associated expenditure. The areas where this is most likely to occur are as follows.

- adult education (please see Annex 3)
- government funded training schemes (please see Annex 3)
- sale of land and property (please see Annex 4)
- rental and lettings (please see Annex 4)

18 It is important that all exempt income is coded correctly using the VAT code A9.

If you are engaged in a capital project that might fall into these areas of activity then you should bring this to the attention of the county VAT Officer at the earliest opportunity. **See also Accounts Payable Box 4**

Specific Activities

Supplies to other public bodies

19 Under certain circumstances supplies to other public bodies can be treated as non-business. All supplies to **Derbyshire Fire & Rescue Service** and the **Peak District National Park Authority** are outside the scope of VAT as both organisations are included in the County VAT registration. You should code any income as AN to both these organisations.

- 20 Supplies to other local authorities are liable to VAT unless it is clear that what is being supplied is under a special legal regime appropriate only to local authorities. In most cases it is likely such supplies will fall as standard-rated.
- 21 Supplies to the NHS and other government bodies should be treated as business and VAT will be due unless the supply falls within the zero-rated or exempt area of activity.

Charities

- 22 There is no over-arching rule that covers charities and generally supplies to charities will follow the normal rules. Occasionally there are certain types of supply that allow for zero-rating or exemption by virtue of the supply being made to a charity. Please note that secondments to charities are standard-rated and do not fall under an exemption. You will note that certain supplies of construction or buildings to a charity can be zero-rated. The most likely area that will fall under zero-rating is advertising, although there are detailed rules covering this. Other potential zero-rating items are disabled access and aids for people with disabilities. As always there are specific rules and you are advised to contact the county VAT Officer should you consider a supply might fall under zero-rating charitable relief.

Staff and Secondments

- 23 The term 'secondment' does not appear in VAT legislation rather the term used is a 'supply of staff'. However, what matters is whether there is a supply of services or of staff.

Supply of Services or supply of staff?

- 24 A brief definition of a supply of services is that the supplier retains control of the staff. Providing legal, financial or HR advice to **a charity, academy or other local authority** is one example. Another example might be where Property services manage properties on behalf of other local authorities or academies. In all these cases staff involved will be under the direction of management within the Council. The VAT liability will usually follow the nature of the supply, in all the above examples it would be standard-rated.

Staff

- 25 A secondment of staff to another organisation is effectively a supply of staff. This typically involves staff working under the day to day direction and management of the organisation to whom they are seconded. This includes other local authorities, charities, academies, NHS and any third-party that the Council contracts with. Recent case law has confirmed that supplies of staff to charities are standard-rated so there is no relief for charities. You should seek advice from the county VAT Officer if you are unsure about the VAT treatment please see the example in **Box 6 below**.

Teaching Staff

- 26 HMRC has agreed that supplies of teaching staff to other 'eligible body' schools outside of the Council can be exempt as long as they are used in a teaching capacity. The term 'eligible body' in VAT legislation includes local authorities and charities or not-for profit bodies. You will have to confirm with the organisation that the staff will be used in a teaching capacity and that the organisation is an eligible body. Although this is the current position recent case law suggests that HMRC's stance on teaching staff might have to change at some point in the future.

Box 6 – Supplies of Staff

Ben is a social worker employed by Adult Care. In line with a government led initiative he is seconded to a national children's charity for 12 months. He will work from the charity's HQ and report to its senior management. Adult Care will pay Ben his salary but he will be paid all expenses by the charity. As he is under daily control of the charity this is a supply of staff and the charity will pay Adult Care his salary, NIC's and pension contributions during the secondment. The agreement is that each month Adult Care will raise a debtor invoice to cover these costs and VAT should be added to this invoice at the standard-rate.

Academies

- 27 As schools convert to academy status the County might well be involved in supplying services such as catering, HR, legal, educational etc. **Annex 7** includes examples of some of the services that might be supplied and the VAT liability. Please note that the supply of teaching staff if seconded does not follow the normal rules and can be exempted from VAT.

Foreign Supplies

- 28 If you have to supply a third-party in another member state or one that is outside the EU then please speak with the Council VAT Officer before you make any arrangements in order to confirm the VAT treatment.

Bad Debts

- 28 The VAT regulations allow for VAT previously paid over to HMRC to be reclaimed if a bad debt occurs. You should inform the County VAT Officer if you have any unpaid debts more than six months old.

Annex 1

VAT Nil rates – Accounts Receivable

The following applies whether you issue a debtor invoice, raise a summary of accounts, or receive cash.

The SAP AP system requires an appropriate VAT code for all entries but where you have identified that no VAT is due then it is vital that you code it correctly. A nil VAT charge can arise in various circumstances including where no supply has taken place. The current SAP VAT codes for nil VAT fall are as follows.

A0 = Zero-rated

AN = Non-business

A9 = Exempt

Typical examples of nil rates

A0 = Zero-rated

- books, magazines
- coach transport (with driver),
- food, (but not catering),
- children's clothing,
- water and sewerage (except for defined industrial use)

These are examples and as always with VAT there are exceptions to the rule.

A9 = Exempt

- rents and lettings (except where there is an 'option to tax')
- adult Education courses

AN = Non-business

This includes anything for which no 'supply' of goods or services is received, so typically will include,

Grants, termination payments, pension payments, salaries, compensation payments etc.

It also covers sales of goods and services in certain cases e.g.

- Classroom sales

Public

- Charges for Adult Care

Annex 2

Exempt Education

The provision of education for a charge by a local authority is likely to fall as exempt (SAP code A9). This is likely to occur within adult education as statutory education for children and young people up to 19 years is always non-business.

Adult Education courses often cover a wide variety of activities, however, the term 'education' for VAT purposes has a broad meaning as follows.

'Education means a course, class or lesson of instruction or study in any subject, whether or not that subject is normally taught in schools, colleges or universities and regardless of where and when it takes place. Education includes lectures, educational seminars, conferences and symposia, together with holiday, sporting and recreational courses.'

Please speak with the county VAT Officer should you require further information.

Vocational Training

The term vocational training covers

- Training or re-training
- Work Experience

For paid employment and voluntary work in areas beneficial to the community in areas such as education, health and safety, health and welfare and charity work in general.

When the Council supplies vocational training this will be exempt of VAT.

The type of activities covers.

- courses
- conferences
- lectures
- seminars

This covers anything that helps the individual in his or her current job or prepares for future employment.

It does not cover,

- consultancy services to improve an organisation as a whole.
- business advice
- counselling

Government Training Courses

Since the Employment Training Act 1973 Government funded training courses have been widely available and local authorities have often been recipients of such funding. Unfortunately guidance and understanding of the VAT liabilities are often lost in the detail and even HMRC has struggled to understand the VAT position. In general any government funded training that falls under the ETA 1973, Learning and Skills Act 2000 and any of their successors should be exempt. **However, please note that counselling and business advice is not covered and neither is careers advice.** Work placement charges are also likely to be subject to VAT. Due to the complexities you should contact the county VAT Officer if you are involved with any training courses involving government funded courses or programmes.

These are vocational training schemes that provide vocational training to young or

- unemployed people. They are approved by:
 - the Department for Education
 - the Department for Work and Pensions (through Job Centre Plus); and
 - devolved administrations in Wales, Scotland and Northern Ireland

and administered and funded by:

- the Young People's Learning Association (YPLA)
- the Skill Funding Agency (SFA)
- local authorities in England (working together with the YPLA)
- the Welsh Assembly
- Skills Development Scotland; and
- the Training and Employment Agency in Northern Ireland

They also include:

- approved schemes that are paid for using funds derived from the European Social Fund
- training administered by further education colleges and funded by any of the bodies listed above
- the training of workplace assessors in connection with National Vocational Qualifications; and

- training aimed at providing additional skills for use in the workplace (for example, to Health and Safety and First Aid Officers)

Examination Services

Where the Council provides examination services these can be exempt of VAT.

Examination services (see paragraph 7.2 for VAT treatment) include:

- • setting and marking examinations
- • setting educational or training standards
- • making assessments; and
- • other services provided with a view to ensuring that educational and training standards are maintained

The following are also examination services:

- • services connected with GCSE and GCE examinations and National Curriculum tests
- • National Vocational Qualification (NVQ) assessments
- • course accreditation services
- • validation
- • certification (including issuing duplicates)
- • registering candidates

- The following are **not** examination services:
 - • secretarial services
 - • advertising services
 - • promotional services

Annex 3

Land and Property

One of the most complex areas of VAT involves land and property transactions. This guidance is intended to help ensure that all property transactions including capital projects are treated correctly.

Sales

Where the Council sells bare land or property, or grants a long lease to a third-party then the VAT position needs to be established. As a rule of thumb if the land is simply bare land with no buildings and has never been used for any Council activity the likelihood is it will be exempt. If there is a building but the building has previously only been used by the Council and has not occurred any recent capital costs then the sale should be exempt. We anticipate that the majority of Council land and buildings will fall within this category.

Peppercorn leases

Where the Council enters into a peppercorn lease it is viewed as non-business (AN) treatment and allows for VAT recovery on any expenses.

The Option to Tax

Under VAT law there is an option to tax land and buildings. The 'option' was introduced in 1990 and once a building or land is opted it lasts for 20 years. There is no one policy for the use of the option within this Council. However, generally if a property is purchased and VAT is charged by the vendor and the building is then rented to a third-party, an option to tax should be made. Only the county VAT Officer should make an option to tax notification and it must be approved by the Director of Finance. Currently opted properties include

- Pension fund investment properties
- Business Units and Business Parks (such as Markham)

The option to tax allows for substantial VAT incurred on purchase to be recovered by the Council.

If you involved in any investment project or business or economic development project you should speak with the county VAT Officer, especially if there is a likelihood of letting or leasing the property.

In the following circumstances even where an option to tax might be in place the option will not apply.

- **residential** property

- use by a **charity** (except for administration purposes)
- land sold to a housing association to build dwellings or residential buildings
- land sold to an individual who intends to build a dwelling for personal use
- pitches sold for a residential caravan
- moorings sold for a residential houseboat

The rules surrounding such transactions usually require certification of use by the purchaser.

Joint Ventures

Particular care should be taken where the Council engages in joint-ventures with developers, or other public bodies. In all such cases the county VAT Officer should be informed.

Council as landlord

The Council will incur rent from tenants either by way of a formal lease or rental agreement or simply through local letting arrangements such as schools and other county establishments engaged with the local community.

Again the vast majority of these will be exempt as simply renting property or hiring a room or a hall. However, there are complications and anyone involved in decision making or in the billing process should at least be aware of different situations.

Surrenders, Termination payments, Inducements

Payments between the Council and tenants, whichever way they flow, could create a VAT liability. Where there is no option to tax then such payments are likely to be exempt but the county VAT Officer should always be consulted in such situations.

Rent free periods

If you allow a tenant a rent-free period there is no VAT liability but if there is a requirement for the tenant to do something in return, e.g. decorate a property in return for a rent-free period, and then a VAT standard-rated supply would apply.

Dilapidations

Usually where payments are collected from a tenant at the end of a lease

these are outside the scope of VAT.

Service charges

Where any rental agreement includes a supply of services then these can be exempt of VAT where they are related to the external fabric of the building or to common areas for which all tenants pay a service charge.

More specific charges will require further information and the following are typical examples of such costs and how the VAT position might be. All examples are based on no option to tax, where an option to tax is in place then the service charge will follow the option and be standard-rated.

Insurance and rates

- If the Council is the insured person then any recharge of costs will fall as exempt, where the tenant is the insured person any payment made is a disbursement and outside the scope of VAT.

Telephones

- if the Council holds the account any recharge is standard-rated, payment made on behalf of the tenant as account holder is again a disbursement and outside the scope

Reception and switchboard

- exempt unless an option to tax is in place

Office services

- standard-rated unless written into the rental agreement and the tenant has to pay the charge whether or not the services are used in which case exempt, unless an option to tax is in place

Fixtures and Fittings

- these should usually follow the main supply and are exempt unless an option to tax is in place

Electricity and Gas

- if the charge is unmetered then it will be exempt unless the option to tax is in place. If there is a secondary meter from which readings are taken then the supply will fall as standard-rated.

Management charges

- where the Council as landlord of a development makes a management charge this will be exempt unless the option to tax is in place.

Recreational charges

- if compulsory then the supply will be exempt unless the option to tax is in place.

Compulsory Standard-rated charges

There are a number of activities directly or indirectly related to land and property transactions that are always standard-rated, notwithstanding those properties where an option to tax is in place.

Buildings less than three years old

- unless charitable or residential buildings

Supplies of,

Gaming and fishing rights

- unless the grant is one of freehold land
- or the interest is less than a freehold but includes the right to game or fish – in which case the supply would be of exempt land and standard-rated rights

Hotel Accommodation

- includes any kind of establishment that includes sleeping accommodation – but special rules apply where the stay exceeds 28 days.
- see also Education supplies where accommodation is included as part of training

Holiday Accommodation

- includes any accommodation 'held out' as holiday accommodation or suitable for holiday use, including buildings, chalets, huts, tents, caravans, houseboats etc.

Caravan, tent pitches, camping facilities

Parking facilities

Includes,

- lock-up garages, garages separate from a house

- commercial car parks (but not on-street)
- letting of taxi-ranks
- bicycle storage
- caravan storage

At the time of writing a decision is awaited from the tribunal following a referral to the European Court in the case of the I.O.W. Council concerning local authority car park fees (off-street) Pending this decision any off-street car parking remains standard-rated.

Timber rights

- must be separate and specific to any supply of land, otherwise the supply would be exempt, unless an option to tax is in place

Storage and Mooring of aircraft and ships

Boxes and seats at sports stadiums

Sporting facilities

- typically affects leisure centre facilities, including schools with a leisure facility
- special rules exist for a series of lets of 10 or more or if the facility is used for more than 24 hours by a school, club, association or an organisation representing affiliated clubs or constituent associations
- there are additional checks that have to be fulfilled so please speak with the county VAT Officer should you require further information

Radio masts, satellite communications equipment

- although at face value this should be exempt in certain circumstances such equipment when installed can create standard-rated income – you should contact the county VAT Officer for advice

Annex 4

Highways

As the highways authority the Council is entitled to make charges in certain situations or to receive monies for works carried out on the highway. In most circumstances where the Council is the highway authority then any charges are likely to be non-business. The following is intended to cover some of the situations that can arise including some as detailed in Annex 6.

S 278 Agreements

The Highways Act 1980 s278 allows for local authorities to enter into agreements with developers for changes or improvements to the highway at the developers expense. Monies received from developers in these circumstances are deemed outside the scope of VAT because there is deemed to be no supply of services to the developer.

Highways Agency

As the Highways Agency is the highways authority for trunk roads and motorways a local authority can be involved as developer. In these circumstances if the Highways Agency undertakes works for which the Council pays as developer then there could well be a VAT problem. This is because the Highways Agency is unable to reclaim VAT charged to it by sub-contractors. This would lead to this irrecoverable VAT being passed on to the Council as developer. The Council cannot reclaim VAT charged to the Highways Agency.

Dropped Kerb Access

If the Council serves a notice on the owner or responsible person under Highways Act 1980 s184 regarding dropped-kerb access and the Council undertakes the work and re-charges the owner then this is outside the scope of VAT. However, if the owner requests that such works be undertaken then any charge is standard-rated.

Annex 5

The following is a list agreed by the Chartered Institute of Public Finance ('CIPFA') VAT Working Committee with HMRC. It covers typical items that might affect a local authority. The list does not cover every eventuality but it is a useful source to start considering VAT treatment. The list identifies by description and whether business or non-business plus the VAT treatment and code. - things do change so you should always check with the county VAT Officer on tel: 01629 538085 or email: vat.enquiries@derbyshire.gov.uk if you have any queries.

| Income | Description | Business/Non Business | VAT treatment | SAP Code |
|----------------------------|--|------------------------------|-----------------------------|-----------------|
| Car Parking fees | Off - street | Business ('B') | Standard-rated ('SR') | AA |
| Car Parking fees | On-street | Non-business ('NB') | Outside scope of VAT ('OS') | AN |
| Car Parking fines | Illegal Parking | NB | OS | AN |
| Car Parking excess charges | Off-street | B | SR | AA |
| Car Parking excess charges | Under RTA 1991 – staying longer than paid | NB | OS | AN |
| Car Parking excess charges | On-street | NB | OS | AN |
| Car Parking overpayments | On-street | NB | OS | AN |
| Car Parking Overpayments | Off-street – provided not free parking | B | SR | AA |
| Car Parking fee | Removing off-street abandoned vehicles | B | SR | AA |
| Car Parking fee | Removing abandoned vehicles on-street | NB | OS | AN |
| Car Parking fee | Removing overstay/dangerously parked cars off-street | B | SR | AA |
| Education catering | Meals supplied to non-Council establishment | B | SR | AA |
| Education catering | Meals supplied to non-students | B | SR | AA |
| Education catering | Meals supplied at or below cost to students/pupils | NB | OS | AN |
| Education catering | Vending machines in schools – public area | B/NB | B/OS apportion | AA/AN |

Public

| | | | | |
|--|--|----------------|-------------------|----|
| Education catering | Vending machines to pupils only | NB | OS | AN |
| Education Course fees | Adult courses | B | Exempt ('E') | A9 |
| Education fees | Examinations School age | B | E | A9 |
| Educational course fees | Recreation | B | E | A9 |
| Education fees | School trips | NB | OS | AN |
| Education fees | Training Courses - | B | E | A9 |
| Education fees misc | School Photographs commission Head agent of governors | Not applicable | | |
| Education fees | School Photographs Head commission acting for LEA | B | SR | AA |
| Education Sales | Books | B | Zero-rated ('ZR') | A0 |
| Education Sales | Goods or services closely related to Education in school | NB | OS | AN |
| Education Sales | Goods or services closely related to Education Adult courses | B | E | A9 |
| Education Sales | Sports Eqpt | B | SR | AA |
| Education Sales | Students work at or below cost | NB | OS | AN |
| Education Sales | Adult Clothing sportswear | B | SR | AA |
| Education Clothing/uniform subject to size | Children | B | ZR | A0 |
| Education Clothing/uniform subject to size | Adult size | B | SR | AA |
| Environment | Drain Clearance priVATe individuals | B | SR | AA |
| Environment | Emptying cess pits if industrial use | B | SR | AA |
| Environment | Emptying cesspits domestic | B | ZR | A0 |
| Environment | Food hygiene certificate courses | B | E | A9 |
| Environment | Local air pollution fees | NB | OS | AN |
| Environment | Clearing builders debris road hazard non-compliance | NB | OS | AN |

| | | | | |
|-------------|--|----|----|----|
| Environment | Meat handling and Weighing | B | SR | AA |
| Environment | Pest control fees | B | SR | AA |
| Environment | Pest control fees – cost recovery non-compliance | NB | OS | AN |
| Environment | Portaloo hire | B | SR | AA |
| Environment | PriVATe sewer repairs default works | NB | OS | AN |
| Environment | PriVATe sewer works with owners agreement | B | SR | AA |
| Environment | Public sewer repairs on priVATe land | B | SR | AA |
| Environment | Removal of dead animals (statutory) | NB | OS | AN |
| Environment | Sewer connections first time to existing house | B | SR | AA |
| Environment | Skip Licence on street | NB | OS | AN |
| Environment | Inspection fees roads/sewers | NB | OS | AN |
| Environment | Trading standards licence fees | NB | OS | AN |
| Environment | Verification of weights and measures eqpt | B | SR | AA |
| Environment | Verification under Weights & Measures Act | NB | OS | AN |
| Highways | Carriageway reinstatement under notice | NB | OS | AN |
| Highways | Carriageway reinstatement under tender | B | SR | AA |
| Highways | Carriageway reinstatement for Utility Co | B | SR | AA |
| Highways | Dropped kerb/carriageway crossings at owners request | B | SR | AA |
| Highways | Erecting flags/banners | B | SR | AA |
| Highways | Erecting brown tourist signs | B | SR | AA |
| Highways | Erecting directional | NB | OS | AN |

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| | signs as HA | | | |
| Highways | Lamping dangerous structures | NB | OS | AN |
| Highways | New priVATe road construction commercial | B | SR | AA |
| Highways | New priVATe road construction Dwellings (within time limits) | B | ZR | A0 |
| Highways | PriVATe street works owners request | B | SR | AA |
| Highways | PriVATe Street works Statutory | NB | OS | AN |
| Highways | Reinstatement charge individual/insurance co Council property | NB | OS | AN |
| Highways | Sponsorship of roundabouts | B | SR | AA |
| Highways | Erecting street name plates | NB | OS | AN |
| Highways | Supply of tarmac | B | SR | AA |
| Highways | Temporary traffic reg orders | NB | OS | AN |
| | | | | |
| Highways | Works in default occupiers request | B | SR | AA |
| Highways | Works in default statutory obligation | NB | OS | AN |
| Land & Property | Allotment rents | NB | OS | AN |
| Land & Property | Commercial rents – business units/workshop units | B | E | A9 |
| Land & Property | Commercial rents - business units/workshop units with option to tax | B | SR | AA |
| Land & Property | Lettings/room hire schools | B | E | A9 |
| Land & Property | Lettings/room hire DCC properties | B | E | AN |
| Land & Property | Lettings/room hire DCC props with Option to tax | B | SR | AA |
| Land & Property | Leases | B | E | A9 |
| Land & Property | Leases with option to tax | B | SR | AA |
| Land & Property | Freehold sales | B | E | A9 |

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|-------------------------|--|----|-----------------------------|----------|
| | Commercial – buildings/bare land | | | |
| Land & Property | Freehold sales Commercial - buildings/bare land with option to tax | B | SR | AA |
| Land & Property | Freehold/leasehold sale of residential | B | See County VAT Officer | |
| Land & Property | Market stall Hire | B | SR | AA |
| Land & Property | Market stall pitch hire (space) inside or outside | B | E off-street (on-street NB) | A9 or AN |
| Land & Property | Market stall pitch hire – option to tax | B | SR | AA |
| Land & Property | Exhibition space | B | E | A9 |
| Land & Property | Exhibition space with option to tax | B | SR | AA |
| Land & Property | Caravan pitch lettings (holiday non-residential) | B | SR | AA |
| Land & Property | Camping pitches | B | SR | AA |
| Land & Property Leisure | Hire of Sports facility – e.g sports hall, pitches | B | SR | AA |
| Land & Property Leisure | Hire of Sports facility 10 or more lets rule | B | E | A9 |
| | | | | |
| Land & Property Leisure | Admissions to play sport | B | SR | AA |
| Leisure | Hire of Sports equipment | B | SR | AA |
| Leisure | Locker charges | B | SR | AA |
| Leisure | Hire of Cycles | B | SR | AA |
| Leisure | Hire or sale of Cycle helmets | B | ZR | A0 |
| Leisure | Sale of sportswear and equipment adults | B | SR | AA |
| Leisure | Admissions to events | B | SR | AA |
| Leisure | Confectionery & Drinks | B | SR | AA |
| Libraries | Fees and fines | NB | OS | AN |
| Libraries | Hire of dvd's, cd's etc | NB | OS | AN |
| Libraries | Photocopying | B | SR | AA |
| Libraries | Internet access fees | B | SR | AA |
| Libraries | Sales memory sticks | B | SR | AA |
| Libraries | Sales of books | B | ZR | A0 |
| Libraries | Sales of Maps | B | ZR | A0 |
| Libraries | Framed pictures | B | SR | AA |

Public

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|--------------------------|--|----|----|----|
| Libraries | Dvd's, cd's etc | B | SR | AA |
| Libraries | Commission on sales of art | B | SR | AA |
| Libraries | Sales Talking Books/audio video's | B | SR | AA |
| Planning | Building control/regs fees | B | SR | AA |
| Planning | Local land search fees | NB | OS | AN |
| Planning | Planning fees | NB | OS | AN |
| Registrars | Fees general | NB | OS | AN |
| Social Care | Contributions to residential care | NB | OS | AN |
| Social Care | Staff fees residential care | NB | OS | AN |
| Social Care | Visitors residential fees | B | OS | AA |
| Social Care | Domiciliary laundry services | NB | OS | AN |
| Social Care Elderly | Meals residents | NB | OS | AN |
| Social Care Elderly | Meals staff | B | SR | AA |
| Social Care Elderly | Meals visitors | B | SR | AA |
| Social Care Elderly | Occupational therapy products – patients | NB | OS | AN |
| Social Care Elderly | Recreational holidays for elderly qualifying persons | NB | OS | AN |
| Social Care Elderly | TV, telephone, radio rental statutory | NB | OS | AN |
| Social Care Children | Childminder inspection fees | NB | OS | AN |
| Social Care Children | Day nursery/playgroup fees | B | E | A9 |
| Social Care Children | Guardian Ad Litem fees | NB | OS | AN |
| Social Care Disabilities | Car badges disabled persons | NB | OS | AN |
| Social Care Disabilities | Day care contribution | NB | OS | AN |
| Social Care Disabilities | Residential care contribution | NB | OS | AN |
| Social Care Disabilities | Telephone contribution and or specialised equipment | NB | OS | AN |

Public

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|--------------------------|---|----|---------------------|----|
| Social Care Disabilities | Adaptation of property | B | ZR subject to rules | A0 |
| Social Care Disabilities | Meals on wheels to clients | NB | OS | AN |
| Social Care Disabilities | Meals on wheels non-clients | B | SR | AA |
| Transport | Vehicle hire | B | SR | AA |
| Transport | Mini-bus hire (10 or more passengers) with driver | B | ZR | A0 |
| Transport | Vehicle repairs | B | SR | AA |
| Transport | Vehicle sales new | B | SR | AA |
| Transport | Commercial vehicle sales new or second-hand | B | SR | AA |
| Transport | Cars second hand | B | See VAT Officer | |
| Transport | Cycles sale | B | SR | AA |
| Transport | Concessionary travel pass | NB | OS | AN |
| Transport | Replacement Bus Pass | NB | OS | AN |
| | | | | |

Annex 7**Academies Example of Potential Services Supplied**

| Service Provided | VAT Treatment |
|---------------------------------|--------------------------|
| Cleaning & Caretaking | VAT Standard-rate ('SR') |
| Copyright Service | VAT SR |
| HR/Payroll Service | VAT SR |
| Finance Service | VAT SR |
| ICT Services | VAT SR |
| Safety/ Premises services | VAT SR |
| Library Service | VAT SR |
| Energy Service | VAT SR |
| Specialist Teachers | Exempt |
| SEN Teachers | Exempt |
| Music Teachers | Exempt |
| Provision of teaching staff | Exempt |
| Provision of non-teaching staff | VAT SR |
| Provision of training | Exempt |