

## **SCHOOL PRODUCTIONS - TREATMENT OF INCOME AND EXPENDITURE**

If a production is held specifically for children during the school day and the school requests a donation this is Outside the Scope of VAT/ Non Business. The key point being that admission would not be denied if no payment were made.

If a school holds performances of the school production and charges admission, the admission charge will be subject to VAT at Standard Rate if the income is paid into the school account and the production costs have also been met from the school account.

If there were no specific charge but just a request for a voluntary donation this would be Outside the Scope of VAT/ Non Business and could be paid into either the private fund or the school fund.

The sale of a programme for a production would be Zero-Rated. However if admission to a production is dependent on the purchase of a programme this would be standard rated.

If the whole cost of the production was paid for from the private fund the income could be paid into the private fund and would not be subject to VAT (unless the school fund was registered for VAT)

Admission charges cannot be paid into the private fund where the costs of the production have been met from the main school account.

However if a suitable apportionment of the cost is calculated and a charge made to the private fund inclusive of VAT the income could then be kept in the private fund. For example if there were 5 performances of the production of which 2 were for admission paying persons it would be reasonable to charge 40% of the total costs to the private fund on the basis that the other performances were related to the education of the children and the costs of putting on the production can be attributed to all the performances.

The school should keep records of the income received through admission charges to school productions and the treatment of the associated costs.

The main principle to adhere to is matching income and expenditure in either the school fund or private fund.

If the expenditure remains in the school fund the income is vatable.

If the income is paid into the private fund there must be an appropriate allocation of the cost of the production charged to the private fund.

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