

Schools VAT FAQs

Below are listed several commonly miscoded items. This listing is not conclusive and only provides a general overview. VAT is a complicated subject and the mere change of a scenario can alter the VAT rate. As always, if in doubt, please contact the VAT team who will be able to provide you with the advice.

- **LBH to LBH transactions** – These transactions, regardless of supply, need to be coded as outside the scope of VAT. This is because we all share the same VAT registration number and as such, cannot charge each other a rate of VAT.
- **SEN recoupment income** – These transactions need to be coded as outside the scope of VAT. It is the transfer, or redistribution, of a state-funded budget, between education authorities, for the provision of state-funded education. It is a non-business arrangement.
- **Energy VAT rates** – Please follow the VAT treatment as listed on the invoice. The VAT rate charged is dependent on the usage. If the schools use under the de-minimis the VAT rate would be reduced rated (5%). If the use is over the de-minimis limit the VAT rate would be standard rated (20%). The standard rated VAT would also attract the Climate Change Levy (CCL).
- **Catering** – This is school specific due to the different arrangements and suppliers used. There also may be schools and suppliers that qualify for the temporary reduced rate. However, as a generalised overview, a supply of catering is standard rated. Whether that is purchased or sold by the school. Meals purchased by pupils are outside the scope, so the income received by parents for payment of these meals is outside the scope. Meals purchased by staff are standard rated. If you are unsure as to whether you are charging and/or being charged the correct VAT rate, please contact the VAT team and we will happily review this.
- **Overseas transactions** – Since Brexit the VAT regulations have changed as to the way in which these transactions are processed, and relief is obtained. Due to the complexity, please contact the VAT team before engaging with overseas suppliers.
- **Breakfast and afterschool childcare** – Provided that this service is being provided for only pupils of the school and charged at or below cost, then this would be outside the scope of VAT.
- **Room hire/lettings** – This is school specific due to the variance of facilities, terms, and nature of hire. Due to the complexity, please contact the VAT team before composing a contract.
- **Income received from insurance claims (including absence claims)** – The income received via the insurance company is compensation for loss. This is outside the scope of VAT as this is a non-business supply.
- **PTA donations** – As long as the donations are ‘true donations’, money given freely with nothing in return. This would be outside the scope of VAT. If there is a supply in return for the donation, then this is not a donation. It is a consideration for a supply. Please contact the VAT team if you are unsure or need further clarification.