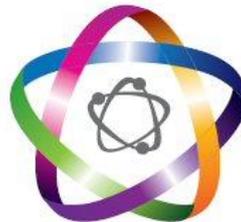


POLICY DOCUMENT No F13**DEBENHAM HIGH SCHOOL**

A Church of England High Performing Specialist Academy



VAT Policy (non VAT registered Academy)

This policy is reviewed annually by SBM and Bursar and approved by the Finance and General Purposes Committee in the Summer Term

History of Document

Issue No	Author/ Owner	Date Written/ Reviewed	Approved by Finance and General Purposes Committee on	Comments
Issue 1	T Darby	May 2012	25 May 2012	1 st Issue
Issue 2	T Darby	May 2013	17 May 2013	Apportionment Update
Issue 3	T Darby	June 2014	13 June 2014	Apportionment Update
Issue 4	T Darby	June 2015	19 June 2015	Apportionment Update
Issue 5	T Darby	June 2016	17 June 2016	Apportionment Update
Issue 6	T Darby	March 2017	17 March 2017	Apportionment Update
Issue 7	T Willmott	June 2018	15 June 2018	Apportionment Update

1. Background and reasons for requiring a VAT policy:

The requirement for VAT registration is determined by reference to the nature of and total amount of goods and services provided by the Academy's business and non-business activities.

Debenham High School acknowledges that VAT legislation is a complex area requiring careful consideration and that errors can potentially lead to charges of interest and penalties.

2. Registration

Registration for VAT purposes is required if the turnover of taxable supplies (i.e. business activities; standard, reduced and zero rated) exceeds a limit determined by HMRC within any twelve month rolling period (£85,000 at June 2018).

At this time, Debenham High School *is not* registered for VAT.

The school will monitor total taxable supplies to ensure that turnover limits are not exceeded.

Where turnover limits are exceeded, the school will register for VAT and account for VAT from the date of the requirement to register, in accordance with VAT legislation, even if the school has not received a registration number and certificate from HMRC. In such circumstances, Debenham High School will then review its responsibilities upon receipt of its registration number.

The Governors recognise that the school has the option to register voluntarily for VAT if taxable supplies are below the set turnover limit. The School does not intend to register voluntarily for VAT.

3. Charging Output VAT on income

The Academy cannot charge VAT on taxable business supplies.

4. School Trips

The Academy will consider each proposed school trip to determine whether or not the trip is for educational purposes designed to supplement the curriculum. Where the Academy determines that a school trip is not for educational purposes the trip will be deemed a taxable business supply falling under the Tour Operators Margin Scheme (TOMS).

5. Reclaiming Input VAT on expenditure

Debenham High School is able to recover VAT in relation to costs (inputs) attributable to non-business activities, even though it is not VAT registered.

VAT cannot be recovered for business activities. Business activities are those activities designed to generate income that are not part of, or closely related to, the free provision of education by the school. Supplies associated with business activities will either be taxable or exempt.

The Academy assesses and accounts for types of income and expenditure and records them as non-business, taxable business or exempt business supplies as appropriate.

A VAT126 / S33B claim will be submitted to HMRC on a monthly basis.

- VAT returns will not include invoices dated after the period covered by the return.
- The Academy has determined that both non-business and business activities are being undertaken. The input tax (costs) relating to business activities will not be fully recoverable. As such, the Academy will need to calculate how much input tax can be reclaimed using a fair and reasonable apportionment method.

6. Basis of apportionment of input VAT reclaimed on non-business and business activities

HMRC will be advised of the apportionments used in each claim (detailed workings are not required).

The School has used an approved method to determine a fair apportionment.

Proportion of business income to total income

Utility and Catering Costs

The business income of Debenham High School for the year ending 2016/17 is small in percentage terms at approximately 0.45% of total income. As the school has to provide heat, water, light, power and telephony as part of its statutory obligations to provide education it has been agreed 0.45% is a fair and reasonable basis to apportion VAT for business activities for claims.

The apportionment will be reviewed annually in May/June using the audited accounts of the preceding year and applied from the following Sept at the start of the new financial/academic year. Therefore one financial year in arrears.

7. Charitable Status

As a charity the school qualifies for certain zero rating reliefs as described in the VAT guidance for charities and not-for-profit organisations issued by HMRC.

Where conditions are met, the school will provide suppliers with a certificate of eligibility in order to qualify for the relief.

Examples of the types of supply that **may** qualify for relief are:

- The construction of new buildings intended solely for use for a relevant charitable purpose.
- Approved alteration to listed buildings used for charitable purposes.
- The placement of an advert on behalf of the charity, including the design or production of the advertisement.
- Aids for people with disabilities
- Disabled access.
- Disabled bathrooms, washrooms and lavatories.
- Sale of donated goods.

Income from fundraising events may be classed as exempt supplies where certain conditions apply and the number of events does not exceed 15 in any year. The school will regularly monitor the number of events taking place within each year to ensure that exemption remains appropriate.

8. Documentation to be held as evidence to support a claim

The following documentation should be held as evidence to support a VAT claim:

- VAT Submittal Form
- Hard copy of original VAT 126 report before any adjustments are made
- A valid VAT invoice (this can be held in invoices file)
- Petty cash claim form and associated receipt and paperwork
- Details of income received including sales invoices and listing of direct receipts for which sales invoices have not been raised (the date of receipt will be the tax point)
- Details of any apportionment calculations
- Copy of any adjustments made (on SimsFMS a copy of the journal will suffice)
- Hard copy of signed submitted VAT126 report after adjustments have been made.