



Good governance for Charities – VAT and HMRC

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VAT and Good Governance

Top tips to maximise VAT recovery and get the best from the VAT
the best from the VAT reliefs available to charities

Whilst

- Being honest
- Managing risks
- Paying and claiming the right amount of tax
- Submitting returns and paying tax on time and
- Taking reasonable care to avoid mistakes



VAT Top Tips

- VAT group your trading company and the charity to avoid creating irrecoverable VAT
- Make sure you benefit from all the VAT reliefs for purchases by charities:
 - Zero rate on advertising including newspaper or TV, Facebook, google etc and pay per click ads
 - Zero rate on certain construction services
 - Zero rate on aids for the handicapped
 - Zero rate for medicines used for providing care, treatment or surgery to animals or humans
 - 5% VAT rate on fuel and power used by a charity for non-business purposes



VAT Top Tips

- Make sure you benefit from the VAT reliefs for income:
 - 5% VAT rate on the supply by a charity of welfare advice or information
 - The sale of donated goods is zero rated
 - Exported goods are zero rated – whether sold or given away for disaster relief
 - Income from fundraising events is exempt from VAT
 - Specific supplies of welfare services are exempt from VAT



VAT Top Tips

- Education, sport and cultural services supplied by charities are exempt from VAT
- Certain charities – hospices, air ambulance, search and rescue and medical courier charities - can claim VAT recovery on the costs incurred on their non business activities

tax accounting
non-business savings
HMRC inspection zero management
exemption questions good save
output business returns exempt
Review input
practice rate interest reduce legal
assessment
cost risks rates penalties partial
governance recover
answers VAT



Any Questions?

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