



***20% of a lot of money is  
still 'a lot of money'!***

***Les Howard***



## *A gentle start! – Gas & electricity*

- Reduced rate applies where use by a charity for its charitable activity;
- Where mixed business & charity use; reduced rate where charity use at least 60%;
- Where charity use less than 60%, apportionment;
- You can make a retrospective claim of overpaid VAT.



## *Charity advertising*

- Zero rate applies where charity purchases advertising;
- Magazines, newspapers, television, radio, internet, etc.
- Includes design costs.
- Includes recruitment advertising.



## *Printed matter*

- Zero rate applies to a range of printed stationery;
- Books, leaflets, brochures, children's colouring books, etc.
- Collecting envelopes, appeal letters & envelopes.



## *From the Courts 1 – Longridge-on-the-Thames*

- Definition of ‘business’ activity has changed;
- ‘direct link’ between supply and consideration;
- Includes: subsidized fees;
- May be taxable or exempt.



## *From the Courts 2 – Brockenhurst College*

- Exempt supplies of education;
  - Includes ‘closely related’ goods & services;
  - Includes supplies made to recipients of education, and third parties;
  - HMRC guidance at VAT<sup>EDU</sup>53200 updated;
- May apply to welfare; sports; cultural services.



# *Supporter schemes / sponsorship / minimum donations*

If a patron or supporter pays more than the minimum amount you can treat the excess as a donation and outside the scope of VAT as long as the patron or supporter is aware that the scheme benefits are available for a given amount, and that anything in excess of that amount is a voluntary donation. This should be explicit in the patron or supporter scheme literature. (HMRC Notice 701/1, para 5.14)



# *Supporter schemes / sponsorship / minimum donations*

- HMRC guidance criticised by Tax Tribunal.
- What is being supplied?
- Is there a ‘direct link’?
- Where ‘benefits’ are minimal: donation.



# Charities Buying Group Conference 2017

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Thank you for listening!

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