

VAT EXEMPTION

Customer Eligibility:

Who can purchase zero rated goods and services?

- **“handicapped people”** – (Terminology: The vat law refers to people who are ‘handicapped’. This term is not now in general usage and can cause offence. We use it in this document only where it is essential to accurately reflect the wording of the law, and in all other contexts will use the wording – ‘disabled’ meaning ‘handicapped’ or ‘chronically sick or disabled’) (*see note 1 below*)
- **Charities** (*see note 2 below*)
- **Certain eligible bodies** (*see note 3 below*)

1. VAT relief for disabled people.

You can only zero rate supplies to handicapped people when:

- the person is ‘chronically sick or disabled’ - see paragraph 1.1.
- the goods and services are purchased or acquired for their personal or domestic use - **see paragraph 1.2.**

1.1 What does ‘chronically sick or disabled’ mean?

A person is ‘chronically sick or disabled’ if he/she is a person:

- with a physical or mental impairment which has a long-term and substantial adverse effect upon his/her ability to carry out everyday activities;
- with a condition which the medical profession treats as a chronic sickness, such as diabetes; or
- who is terminally ill.

It does not include a frail elderly person who is otherwise able-bodied or any person who is only temporarily disabled or incapacitated, such as with a broken limb.

If a parent, spouse or guardian acts on behalf of a ‘disabled’ person, the supply is treated as being made to that ‘disabled’ person.

If you are in doubt as to whether you are legible for exemption. Please contact us for clarification.

1.2 What does for ‘domestic or personal’ use mean?

‘Domestic or personal’ use means that the supply must be made available specifically for the use of an eligible individual (or series of eligible individuals).

Excluded from the terms ‘personal’ or ‘domestic’, and **not** eligible for VAT relief are:

- goods and services used for business purposes;
- supplies made widely available for a whole group of people to use as they wish. For example, a stair lift in a charity building for the use or convenience of all chronically sick or disabled persons who might use the building would not qualify for relief. This is because

the charity is making the lift available for the general use of all those people who might require it, rather than for the personal use of specified individuals;

- goods and services supplied to:
 - an in patient or resident of a hospital or nursing home;
 - any person attending the premises of a hospital or nursing home for care or treatment;and
- any other person or commercial establishment where the goods are for use by, or in connection with, either of the above,

NB: where the items are intended for use in the care or treatment provided in the hospital or nursing home. **More information can be** found at www.hmrc.gov.uk - **notice 701/31** or **detailed in relevant pdf within this website**

1.3 What goods can be zero rated?

- Motor vehicles for disabled people
- Medical and surgical appliances
- Electrically or mechanically adjustable beds, chair or stair lifts, hoists and lifters, sanitary devices
- Boats
- Other equipment and appliances “designed solely” for use by a disabled person
- Auditory training aids for deaf children and equipment to aid the hard of hearing
- Low vision aids
- Parts and accessories
- Letting of goods on hire or lease

1.4 What services can be zero rated?

- Services of installation, repair, maintenance and adaptation of goods
 - Installing goods
 - Repairing and maintaining goods
 - Adapting goods
 - Goods provided in the course of adaptation or repair and maintenance services

1.5 Other Areas included?

- Building and construction
- Emergency alarm call systems
- Miscellaneous
- Computer software & hardware concessions

1.6 Who decides whether goods or services qualify for zero rating?

The supplier is responsible for ensuring that all conditions for zero rating are met. Goods ‘not designed for use solely by disabled people’ are not eligible.

1.7 Eligibility declaration by a disabled person.

Please note there are penalties for making false declarations

Customer: If you are in any doubt as to whether you are eligible to receive goods or services zero-rated for VAT you should consult **Notice 701/7 VAT ‘reliefs for disabled people’** or contact us for clarification before signing the declaration found at www.hmrc.gov.uk or **detailed in relevant pdf within this website.**

2. VAT relief for charities.

You cannot zero rate all of the goods and services listed at paragraph 1.2; 1.3; or 1.4 to all charities. You should therefore, take extra care in checking that you as a charity are eligible for VAT relief before claiming the relief. Supplies of goods to charities will only qualify for VAT relief where goods are made available by the charity to a disabled person for their personal or domestic use.

There are certain other circumstances when supplies of goods will qualify for VAT relief – see [VAT Notice 701/1 Charities](#) and [VAT Notice 701/6 Charity funded equipment for medical veterinary etc. uses](#) found at www.hmrc.gov.uk or [detailed in relevant pdf within this website](#).

2.1 What is a charity?

Bodies in England and Wales have charitable status when they are registered, excepted or exempted from registration with the Charity Commission, or bodies anywhere in the United Kingdom which are treated by the Inland Revenue as charitable. Not all non-profit making organisations are charities.

There is no distinction for VAT purposes between those charities registered with the Charity Commission and those that are not required to register. However, unregistered charities claiming zero-rating may need to demonstrate that they have '**charitable status**'. This may be achieved from their written constitution or by the recognition of their charitable status by the Inland Revenue.

Further information on VAT reliefs available for charities is contained in [Notice 701/1 Charities](#). found at www.hmrc.gov.uk or [detailed in relevant pdf within this website](#).

2.2 Eligibility declaration by a charity.

Please note there are penalties for making false declarations

Customer: If you are in any doubt as to whether you are eligible to receive goods or services zero-rated for VAT you should consult [VAT Notice 701/7 VAT reliefs for disabled people](#) or contact us for clarification before signing the declaration.

[More information can be found at www.hmrc.gov.uk](#) – or [detailed in relevant pdf within this website](#).

3. Bodies Eligible for VAT Relief.

Supplies to eligible bodies.

Supplies purchased by certain healthcare bodies and hospitals with charitable funds may qualify to be zero rated under separate rules. For more information see [VAT Notice 701/6 Charity funded equipment for medical, veterinary etc. uses](#).

3.1 Who can get the relief?

The relief is available to:

- The various UK authorities, when purchasing goods with charitable funds

- Hospitals and research institutions, whose activities are not carried out on for profit and who purchase goods with charitable funds; and
- Charitable institutions providing either:
 - care or medical or surgical treatment for “handicapped” persons; or
 - rescue or first aid services

Further advice can be obtained by visiting the HMRC site found at www.hmrc.gov.uk or detailed in relevant pdf within this website.

If you are in doubt as to whether you are eligible for exemption. Please do not hesitate to contact us for clarification..... We are here to help you.....