

FINANCE ACT 2015

EXPLANATORY NOTES

INTRODUCTION

Section 66: Vat: Refunds to Certain Charities

Summary

1. This section inserts two new sections in to the Value Added Tax Act 1994, the purpose of which is to allow certain charities to claim refunds of the VAT they pay on the goods and services they purchase otherwise than for the purpose of any business carried on by the charities. It also makes consequential amendments to the Value Added Tax Act 1994. These changes will take effect in relation to supplies made, and acquisitions and importations taking place, on or after 1 April 2015.

Details of the Section

2. Subsection (1) of the section inserts new sections 33C and 33D into the Value Added Tax Act 1994.
3. Subsection (1) of section 33C provides that this section applies to a charity falling within a description in section 33D, defined as a “qualifying charity”.
4. Subsections (2) and (3) of section 33C refund to a qualifying charity the VAT it incurs on purchases made, and goods imported and acquired, for non-business purposes.
5. Subsections (3) to (7) of section 33C contain certain procedural requirements. In particular they allow HM Revenue & Customs to determine how and when claims to refund can be made, prescribe the time limits for claims, provide for VAT to be apportioned when goods or services are supplied to/acquired/imported for business and non-business purposes and specify VAT excluded from the refund provision.
6. Section 33D defines the four categories of qualifying charities to which section 33C applies.
7. Subsection (1) of section 33D defines a palliative care charity, including that its main purpose must be the provision of palliative care at the direction of, or under the supervision of, a medical professional.
8. Subsection (2) of section 33D defines “medical professional”.
9. Subsection (3) of section 33D defines an air ambulance charity, including that its main purpose must be to provide an air ambulance service arranged or requested by a relevant NHS body.
10. Subsection (4) of section 33D defines “relevant NHS body” which, amongst other things, must be a body whose main purpose is to provide ambulance services.
11. Subsection (5) of section 33D provides that a charity will be a search and rescue charity if it meets either of two conditions.

*These notes refer to the Finance Act 2015 (c.11)
which received Royal Assent on 26 March 2015*

12. Subsection (6) of section 33D sets out Condition A, which is that the main purpose of the charity is to carry out search and rescue activities in the United Kingdom or UK marine area and that these activities are coordinated by a relevant authority.
13. Subsection (7) of section 33D sets out Condition B, which is that the main purpose of the charity is to support, develop and promote the activities of charities meeting Condition A in subsection (6).
14. Subsection (8) of section 33D defines “search and rescue activities”, “UK marine area” and “relevant authority” and provides HM Treasury with the power to add to the list of relevant authorities by order.
15. Subsection (9) of section 33D provides that a charity will be a medical courier charity if it meets either of two conditions.
16. Subsection (10) of section 33D sets out Condition A, which is that the main purpose of the charity is to transport items intended for use for medical purposes.
17. Subsection (11) of section 33D sets out Condition B, which is that the main purpose of the charity is to support, develop and promote the activities of charities meeting Condition A in subsection (10).
18. Subsection (12) of section 33D provides that “item” in subsection (10) includes any substance.
19. Subsections (2), (3) and (4) of the section make consequential amendments to the Value Added Tax Act 1994.
20. Subsection (5) of the section gives effect to the amendment made by the section in relation to supplies made, and acquisitions and importations taking place, on or after 1 April 2015.
21. Subsection (6) of the section provides that until a specified time, references in section 33D to an NHS foundation trust in England include an NHS trust in England.

Background Note

22. This change enables certain charities to claim refunds of VAT on supplies made to them on or after 1 April 2015 for the purpose of their non-business activities. It provides financial support for palliative care charities, and gives the other qualifying charities broadly the same level of VAT recovery as is presently afforded to the publically funded emergency services. The charities that are eligible to make claims are:
 - palliative care charities that provide hospice care;
 - search and rescue charities such as mountain or cave rescue teams (and charities that support these charities);
 - air ambulance charities; and
 - medical courier charities such as blood bikes (and charities that support these charities).