

Bundle Finance Committee 24 July 2020

4.1

VAT Procedure

Presenter; Huw Thomas

4 1 Financial Procedures SBAR July 2020.docx

4 1 Appendix 1 Financial Procedures 06-03 VAT.docx

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 July 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Procedures
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Executive Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

Each year, planned reviews are undertaken of the financial procedures operated by Hywel Dda University Health Board (HDdUHB). The procedures, which set out the main financial system controls, are reviewed in terms of:

- Relevance
- Best practice
- Audit recommendations
- System change
- Health Board policy

Cefndir / Background

The following procedure, attached at Appendix 1, has been reviewed and is presented to the Finance Committee for approval:

- FP 06/03 VAT

Asesiad / Assessment

The procedure reflects significant rewording of the previous version issued in April 2017, in order to provide a more thorough background to the relevance of VAT in the NHS and to provide further guidance regarding the VAT liability of HDdUHB's outputs. User-friendly resources have also been added to the Appendices, including a decision flow chart to determine when VAT is recoverable and a schedule of all VAT-recoverable headings under the Contracted-Out Services VAT regime. Underlying procedures remain largely unchanged.

The revised procedure has been reviewed and approved by key personnel within Finance Directorate, Counter Fraud and NHS Wales Shared Services Partnership.

The procedure has been assessed against a specific Financial Procedures Equality Impact Assessment (EqIA), with no negative impact identified.

Argymhelliad / Recommendation

The Finance Committee is asked to approve the revised FP 06/03 VAT financial procedure.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	5.7 Review and approve financial procedures on behalf of the Health Board.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Improve efficiency and quality of services through collaboration with people, communities and partners

Gwybodaeth Ychwanegol:

Further Information:

Ar sail tystiolaeth: Evidence Base:	Previous procedures, internal audit report recommendations, Standing Financial Instructions
Rhestr Termiau: Glossary of Terms:	Included within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid: Parties / Committees consulted prior to Finance Committee:	HDdUHB Finance Team NHS Wales Shared Services Partnership (NWSSP)

Effaith: (rhaid cwblhau)

Impact: (must be completed)

Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report
Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable

Gweithlu: Workforce:	Not Applicable
Risg: Risk:	Financial risks are detailed in the procedure
Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	Financial procedures are required to ensure good governance and sound financial control
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	<p>EqlA has been undertaken with no negative impacts on those with protected characteristics</p> <p>Changes to the majority of financial policies and procedures to date have been assessed as having a low relevance to equality duties and have been mainly in relation to systems and responsibilities with no direct or indirect impact on individuals in relation to equality, diversity or human rights.</p> <p>Where policies and procedures have a more direct impact on patients, staff and service users in relation to their protected characteristics, e.g. those addressing the handling of patients monies, etc, more detailed EqlAs have been undertaken and are published alongside the relevant document.</p>



FP 06/03 VAT

Procedure Number:	069	Supersedes:		Classification	Financial	
Version No:	Date of EqIA:	Approved by:		Date Approved:	Date made active:	Review Date:
3		Finance Committee				

Brief Summary of Document:	This document is one in a series of financial procedures providing clear process to be followed.
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Scope	Hywel Dda University Health Board-wide
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To be read in conjunction with:	Standing Orders Standing Financial Instructions Other Financial Procedures
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Owning Group	Finance Team
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HYWEL DDA UNIVERSITY HEALTH BOARD

Reviews and Updates		
Version no:	Summary of Amendments:	Date Approved:
1	New Procedure	01/10/2009
2	Revised	April 2017
3	Full review	

Glossary of Terms

Term	Definition
VAT	Value Added Tax
Supply	Goods or services provided
HMRC	Her Majesty's Revenue & Customs
Non-business activities	Activities performed under a statutory obligation
Business activities	Discretionary activities usually performed in return for a charge
Output tax	VAT chargeable on the sales/ income/ outputs of a business
Business activities input tax	VAT recoverable in respect of taxable business activities.
COS VAT	VAT recoverable under the Contracted-out Services VAT regime.

Keywords	Financial procedures
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HYWEL DDA UNIVERSITY HEALTH BOARD

1. INTRODUCTION

Value Added Tax ("VAT") is a tax on goods and services provided by VAT-registered businesses in the UK. Hywel Dda University Health Board (HDdUHB) is registered for VAT and, as with other VAT registered businesses, must comply with its obligations under UK VAT legislation – primarily, The VAT Act 1994.

2. AIM

This document outlines the procedures to be applied within HDdUHB when dealing with VAT.

3. OBJECTIVES

To ensure financial probity and clarity of accountability in the organisation.

4. PRINCIPLES - VAT IN THE UK

VAT-registered businesses must typically charge VAT on top of the sales price when providing goods or services (a 'supply') to a customer. VAT charged by a business on its outputs is called output tax. A business must pay over to the UK Government an amount equal to the output tax it has charged to its customers in a particular period. At the same time, a VAT-registered customer may recover from the UK Government some or all of the VAT it has incurred on the purchase of supplies for its business.

The administration and the collection of VAT in the UK is carried out on behalf of the UK Government by Her Majesty's Revenue & Customs (HMRC).

A business must declare to HMRC, within a VAT return, the amount of output tax it has charged and the amount of VAT it wishes to recover. A VAT return will cover a period of activity, normally either one month or one quarter. If there is an excess of output tax over recoverable VAT in a particular VAT period, the business must pay the excess over to HMRC, otherwise the business will receive a VAT repayment from HMRC.

VAT on the outputs of a business (output tax)

Whether and at what rate output tax is to be accounted for by an organisation on its outputs depends on whether the transaction is within the scope of UK VAT and, if so, what the VAT liability of the related goods or services are under UK VAT legislation.

Scope of UK VAT

A transaction is within the scope of UK VAT if the following four conditions are met:

- It is a supply of goods or services
- It takes place in the UK
- It is made by a VAT-registered person/ body, and
- It is made in the course or furtherance of any business carried on or to be carried on by that person.

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All transactions which are not within the scope of UK VAT are referred to as being 'outside the scope of VAT'. These include any transactions which do not meet all four of the conditions above and any transactions specifically confirmed as being outside the scope of VAT by law.

VAT liability of supplies

If a transaction is within the scope of UK VAT by satisfying all of the above conditions, the supply in question falls under one of the following four different UK VAT liabilities, which in turn determines the rate of VAT to be accounted for:

<i>VAT liability</i>	<i>Implication</i>
Standard rated	VAT is chargeable at the standard rate of UK VAT, currently 20%.
Reduced rated	VAT is chargeable at the reduced rate of UK VAT, currently 5%.
Zero rated	VAT is chargeable at a rate of 0%.
Exempt	VAT is not chargeable by law.

All supplies within the scope of UK VAT are standard-rated supplies unless they specifically fall within one of the other three VAT liabilities by way of a specific provision in the legislation or otherwise by way of a special concession.

All transactions are therefore classified as one of five different categories for VAT purposes: **standard-rated, reduced rated, zero-rated, exempt** or **outside the scope**.

Recovery of VAT on expenditure

Whether the VAT incurred on the purchase of supplies is recoverable for a business depends on what those goods and services are used for, i.e. to which of the business' outputs, or 'activities', they are attributable.

Under normal rules, a VAT-registered business is eligible to recover the VAT incurred on supplies received insofar that they are attributable to the business' **taxable business activities**, that is, its **standard rated, reduced rated** and **zero rated** outputs.

A body which makes only taxable supplies is therefore typically able to recover all of the VAT it incurs while a body which makes only exempt supplies, or whose activities are non-business in nature (outside the scope of VAT), is typically not able to recover any VAT incurred.

A body which makes both taxable and exempt supplies (a 'partially exempt' body), or which makes both business and non-business supplies is eligible to recover some of the VAT it incurs - the exact amount being determined by apportionment as part of an annual calculation.

Additional VAT recovery rules apply to NHS bodies. This is discussed later in this document.

The recovery of input tax must be supported by a valid VAT invoice issued by the supplier. The requirements for an invoice to be a valid VAT invoice are set out in Appendix 1.

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5. PRINCIPLES – VAT IN THE NHS

Divisional registration

NHS bodies in the UK are registered for VAT on a divisional basis. All NHS bodies in Wales are registered for VAT under the same divisional VAT registration number. Similarly, all NHS bodies in England are registered under the same divisional registration numbers. The same applies for Scotland.

Bodies included within the NHS Wales divisional VAT registration are as follows:

- Hywel Dda University Health Board
- Swansea Bay University Health Board
- Cwm Taf Morgannwg University Health Board
- Cardiff & Vale University Health Board
- Aneurin Bevan University Health Board
- Powys Teaching Health Board
- Betsi Cadwaladr University Health Board
- Velindre NHS Trust
- Public Health Wales
- Welsh Ambulance Services NHS Trust
- Health Education and Improvement Wales (HEIW)

The significance of the divisional registration is that all supplies between bodies within the same divisional VAT registration are by law **outside the scope of VAT**. Accordingly, no VAT should be accounted for on any supplies made between two bodies within the NHS Wales VAT registration.

Independent GP practices and the Welsh Government are not within the NHS Wales divisional registration.

VAT liability of NHS activities

The principal activity of NHS bodies is the provision of free healthcare to the general population. This activity is performed under a statutory duty and is therefore not carried out for business purposes. Accordingly, the provision of NHS healthcare is a non-business activity which is **outside the scope of VAT**.

Other activities carried out by NHS bodies, which are discretionary, commonly in return for a charge, are likely to be considered business activities and are therefore likely to fall within the scope of UK VAT and may require VAT to be accounted for on any charges raised.

Examples of business activities carried out by HDdUHB and their respective VAT liabilities include but are not limited to:

- Catering to staff and visitors at restaurants (standard-rated)
- Provision of residential accommodation (exempt)
- Room hire/ space rental (exempt)
- Supply of pharmaceuticals to local surgeries (standard-rated)
- Private healthcare (exempt)
- Mortuary services (mostly standard-rated)

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- Health assessments and testing for driving licence/ blue badge/ benefits purposes (standard-rated)
- Employee benefits schemes (mostly standard rated)

VAT recovery in the NHS

Under normal rules, NHS bodies are only eligible to recover VAT insofar as the supplies to which it relates are attributable to the bodies' taxable business activities. Any VAT which is attributable to the provision of NHS healthcare is therefore non-recoverable by normal rules.

The exception to the normal rule is the Contracted-out Services (COS) VAT regime.

Contracted-out services VAT regime

Section 41 of The VAT Act 1994 permits NHS and other central government bodies to recover VAT incurred on certain services incurred for the purpose of their non-business activities which have been 'contracted-out' to external organisations.

The following 5 conditions must be met for VAT incurred on a supply received to be recoverable under the Contracted-out Services VAT regime:

1. The supply must be a service.
2. The service must fall into one of the Contracted-out Services "headings" (see Appendix 2).
3. The service must be one which the NHS body could have performed itself, e.g. not statutory audit or certification services which are required to be carried out by an independent body.
4. The service must have been obtained for non-business NHS healthcare purposes.
5. The VAT is recovered by 30th June after the end of the financial year in which the supply is received.

6. PROCEDURES

Accounting for VAT and VAT returns processing

All VAT payable to HMRC and all VAT identified as recoverable from HMRC shall be coded to the VAT Control Account. This shall be achieved by 'split coding' all relevant invoices so that the VAT element is coded to the VAT Control Account.

The VAT Control Account refers to the following series of subjective accounts linked to the Health Board's balance sheet:

- 93205** – Recoverable Business Activities input tax
- 93210** – Recoverable Contracted-out Services ("COS") VAT
- 93215** – Output tax at the standard rate
- 93216** – Output tax at the reduced rate

The coding of an invoice raised by HDdUHB is based on the VAT classification of the supply in question, as specified in the Request to Raise a Bill (RRB) form.

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The coding of an invoice received is based on the VAT classification of the supply in question, as specified in the requisition.

Finance Directorate shall prepare and submit a VAT return to HMRC in respect of each calendar month in advance of the relevant monthly filing deadline. Each VAT return shall be based on activity within the VAT Control Account in the month to which it relates, subject to any corrective or mandatory VAT adjustments. The due date for submitting an online VAT return is one month and 7 days after the end of the calendar month in question.

The VAT Control Account shall be fully reconciled on a monthly basis to the expected net VAT payment or repayment due to or from HMRC. The reconciliations must be signed and dated both by the reconciler and reviewer within the Tax and Compliance Team.

In the event that errors are identified, e.g. an under-declaration of output tax or an incorrect recovery, or an opportunity to make a claim for an additional VAT repayment is identified, HDdUHB shall correct the error/ make the claim in accordance with the guidance in HMRC VAT Notice 700/45 *How to Correct VAT Errors and Make Adjustments or Claims*. This will include making a formal disclosure of the error in question to HMRC should the error/ claim be over £10,000 in amount.

The Health Board shall maintain a record of all transactions which affect the amount of VAT to be paid or reclaimed, particularly:

- a) All supplies made, including any zero-rated or exempt supplies;
- b) All supplies of goods or services received on which recoverable VAT is charged by the supplier (regardless of whether any or all of this is recovered);
- c) Any corrections to accounts, amendments to invoices, and credits allowed or received.

HDdUHB shall ensure that information required to substantiate the contents of VAT returns is retained for six years.

In the event of a compliance review or statutory enquiry raised by HMRC, HDdUHB shall fully comply with any requests for information and co-operate fully with HMRC in order to assist in bringing any review efficiently to a close.

Determining the VAT liability of outputs

HDdUHB is responsible for correctly determining the VAT classification of all its outputs and accounting for the appropriate amount of output tax on any charges raised.

The VAT classification of a supply should be determined before the related contract is entered into in order to avoid both a potential dispute with the related customer and a negative financial impact should any output tax chargeable not be taken into account at the outset.

Staff in the process of arranging a contract for the supply of goods or services may use the guidance contained in this document or via the external links in determining the VAT liability of a proposed supply. Alternatively, staff may seek advice from the Tax and Compliance Team within the Finance Directorate. Specific training shall also be provided where this will be considered beneficial.

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Specialist VAT advice should be obtained before entering into any large or complex contracts for goods or services. Such specialist advice can be obtained from the Tax and Compliance Team, which may consult the Health Board's external VAT advisors where this is considered appropriate.

Invoices shall be raised by the Accounts Receivable team within the Finance Directorate following receipt of an RRB form. Where the invoice is to include a charge for VAT, the invoice will be raised as a valid VAT invoice, including all of the elements listed in Appendix 1. Other than in agreed circumstances, the request to raise a bill should state the VAT classification of the charge to be raised.

All non-invoiced income, including cash and card payments, shall be linked to an activity set up within the finance system. Each activity shall be assigned a VAT liability, enabling all income subject to VAT to be split-coded. Finance Directorate shall determine and periodically review the VAT liability of all activities.

Recovery of VAT on expenditure

Any VAT incurred by HDdUHB on purchases which is not subsequently recovered from HMRC will be an additional cost to the organisation for the goods or services in question. Staff should therefore consider whether any VAT chargeable by a supplier on a supply of goods or services to the organisation will be recoverable and action the recovery of this VAT if so.

The recoverability of VAT on expenditure should be determined before the related contract is entered into so as to avoid a potential negative financial impact should any non-recoverable VAT not be taken into account at the outset.

Determining recoverability

Staff shall use the following 2-step approach to determine the recoverability of VAT.

Step 1 – Consider VAT recovery under normal rules

Staff must consider whether the supply in question is wholly related to taxable (standard-rated, reduced-rated or zero-rated) or exempt business supplies made by HDdUHB. If the supply is wholly related to taxable business supplies, the VAT will be recoverable as “**business activities input tax**”. If the supply is wholly related to an exempt business supply, the VAT will not be recoverable.

If the supply is only partly attributable to either of HDdUHB's taxable or exempt business activities, proceed to step 2.

Step 2 – Consider VAT recovery under the COS VAT regime

Where the recoverability of VAT has not been concluded under the normal rules, staff should consider if the 5 conditions for VAT recovery under the COS VAT regime are met. If so, the VAT will be recoverable as “**COS VAT**”.

Any VAT on which recoverability has not been concluded from steps 1 and 2 should be provisionally treated by staff as **non-recoverable**. This may include VAT which is attributable in part to both taxable and exempt supplies. A small additional recovery of VAT on supplies attributable to both taxable and exempt supplies may arise following the completion of the annual partial exemption calculation.

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A decision tree summarising the above steps is included in Appendix 3.

All recoveries of VAT must be supported by a valid VAT invoice.

Where staff are uncertain as to whether the VAT on a particular supply is recoverable, the local Procurement Department or the Tax and Compliance Team within the Finance Directorate may be consulted.

Specialist VAT advice should be obtained in order to confirm the recoverability of VAT on large or complex contracts for goods or services. Such specialist advice can be obtained from the Tax and Compliance Team within the Finance Directorate. The Health Board's external VAT advisors may be consulted where this is considered appropriate.

Making a recovery of VAT

Staff can action the recovery of VAT on the purchase of goods and services via the related requisition by assigning the requisition with a recoverable 'Tax classification'. A recoverable tax classification will action the split-coding of the related VAT invoice when it is eventually received.

Instructions on how to change the tax classification of a requisition are included within Appendix 4. A list of commonly used Tax classification codes available via the iProcurement system are listed in Appendix 5.

Other specific transactions

Capital building projects

Further complex VAT recovery legislative provisions apply in respect of capital building projects. Specialist advice shall therefore be obtained from HDdUHB's external VAT advisors in connection with the recovery of VAT on capital building projects.

Transactions involving overseas businesses

Further complex VAT provisions apply in connection with supplies made to or received from businesses based outside the UK. These provisions include the requirement to apply the zero-rate of VAT on invoices raised to overseas businesses and to self-account for output tax under the 'reverse charge' provisions in respect of invoices received from overseas businesses.

All staff entering into contracts with overseas businesses must consider the VAT implications in detail and should consult the Finance Directorate for relevant advice.

Charitable funded equipment for medical purposes

NHS bodies are eligible to benefit from a special VAT relief when they purchase certain goods for medical purposes from charitable or donated funds.

The relief operates by allowing the supplier to apply the zero rate of VAT on its invoice for the related goods where it would otherwise apply the standard rate of VAT, which would likely be irrecoverable for the NHS body.

The conditions for zero-rating are as follows:

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- The supply must be of either medical, scientific, computer, video, sterilising, laboratory or refrigeration equipment.
- The item must be being purchased to be used mainly for medical research, training, diagnosis or treatment.
- The item must be paid for using charitable or donated funds.

Detailed guidance is set out in HMRC's VAT Notice 701/6, which includes a useful list of the types of goods, devices and equipment that HMRC considers to be and not to be eligible for zero-rating. A link to the notice is provided as follows:

<https://www.gov.uk/guidance/charity-funded-equipment-for-medical-and-veterinary-uses-notice-7016>

It is the responsibility of the supplier to ensure that all conditions for zero-rating are met before applying the zero rate of VAT to its invoices. Typically, a supplier will only apply the zero rate in response to a request made by the NHS body and having obtained a written declaration of eligibility from that body.

The written declaration of eligibility may take the form of a "charitable funds zero-rating certificate". A blank certificate which could be used by an NHS body for the purchase of eligible equipment is available from HMRC via the following link:

<https://www.gov.uk/guidance/charity-funded-equipment-certificates-notice-7016-supplement#certificates>

How to make a request for zero-rating

Staff making a request for charitable funds for the purpose of purchasing equipment should consider whether the conditions for zero-rating are met by consulting VAT Notice 701/6 or by contacting the Tax and Compliance Team for guidance if necessary.

If the conditions for zero-rating are met, the requestor should ensure the completed and approved *Request for charitable funds expenditure form* is attached to the requisition and include a note to the buyer that conditions for VAT relief for charitable funded equipment are met.

All official requests to suppliers for the zero-rating of charitable-funded equipment for medical purposes shall be made by the Procurement Department, who will also be able to provide a charitable funds zero-rating certificate.

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EXTERNAL LINKS

Primary UK VAT legislation (The VAT Act 1994)

<http://www.legislation.gov.uk/ukpga/1994/23/contents>

HMRC VAT guidance (VAT Notices)

<https://www.gov.uk/government/collections/vat-notices-alphabetical-order>

HMRC VAT internal staff manuals

<https://www.gov.uk/government/collections/vat-manuals>

Contracted-out Services headings guidance

<https://www.gov.uk/hmrc-internal-manuals/vat-government-and-public-bodies/vatgpb9700>

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APPENDIX 1 - REQUIREMENTS FOR A VALID VAT INVOICE

An invoice must include the following 10 elements in order to be a valid VAT invoice:

1. A unique sequential invoice number
2. Supplier's name and address
3. Supplier's VAT number
4. Date of supply
5. Customer's name and address
6. Description of each supply
7. For each supply, the unit price, the quantity and rate of VAT chargeable
8. Total charge (net of VAT)
9. The rate of any cash discount offered
10. Total VAT payable (in GBP)

A simplified VAT invoice, with fewer requirements, may be issued by a business where the VAT inclusive charge per supply is £250 or less.

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APPENDIX 2 – CONTRACTED-OUT SERVICES HEADINGS

There are currently a total of 76 headings. The following is a list of those headings which are likely to relate to the activities of an NHS body.

The full list of headings, including HMRC guidance in respect of each, can be seen via the following link:

<https://www.gov.uk/hmrc-internal-manuals/vat-government-and-public-bodies/vatgpb9700>

Heading	Description
1	Accounting, invoicing and related services
6	Alteration, repair and maintenance of existing road schemes
9	Cash in transit services (secure transport)
10	Catering
12	Childcare services
13	Collection, delivery and distribution services
14	Computer services supplied to the specification of the recipient
15	Conference and exhibition services
16	Debt collection
17	Departmental staff records and payroll systems/pensions
21	Estate management services
23	Filming, audio-visual and production services
24	Health promotion activities
25	Hire of reprographic (reproducing/reprinting) equipment including repair and maintenance
26	Hire of vehicles including repair and maintenance
28	Interpretation and translation services
31	Laboratory services
32	Laundry services
33	Library services
35	Maintenance, non-structural repair and cleaning of buildings
36	Maintenance and repair of civil engineering works
37	Maintenance, repair and cleaning of equipment, plant, vehicles and vessels
39	Medical and social surveys
40	Messenger, portering and reception services
41	Nursing services
42	Office removals
45	Operation of hospitals, health care facilities and the provision of related services
47	Passenger transport services
48	Pest control services
49	Photographic, reprographic, graphic and design services
51	Press cutting services
52	Professional advice or opinion
53	Provision of accommodation under a PFI agreement
54	Publicity services
55	Purchasing and procurement services

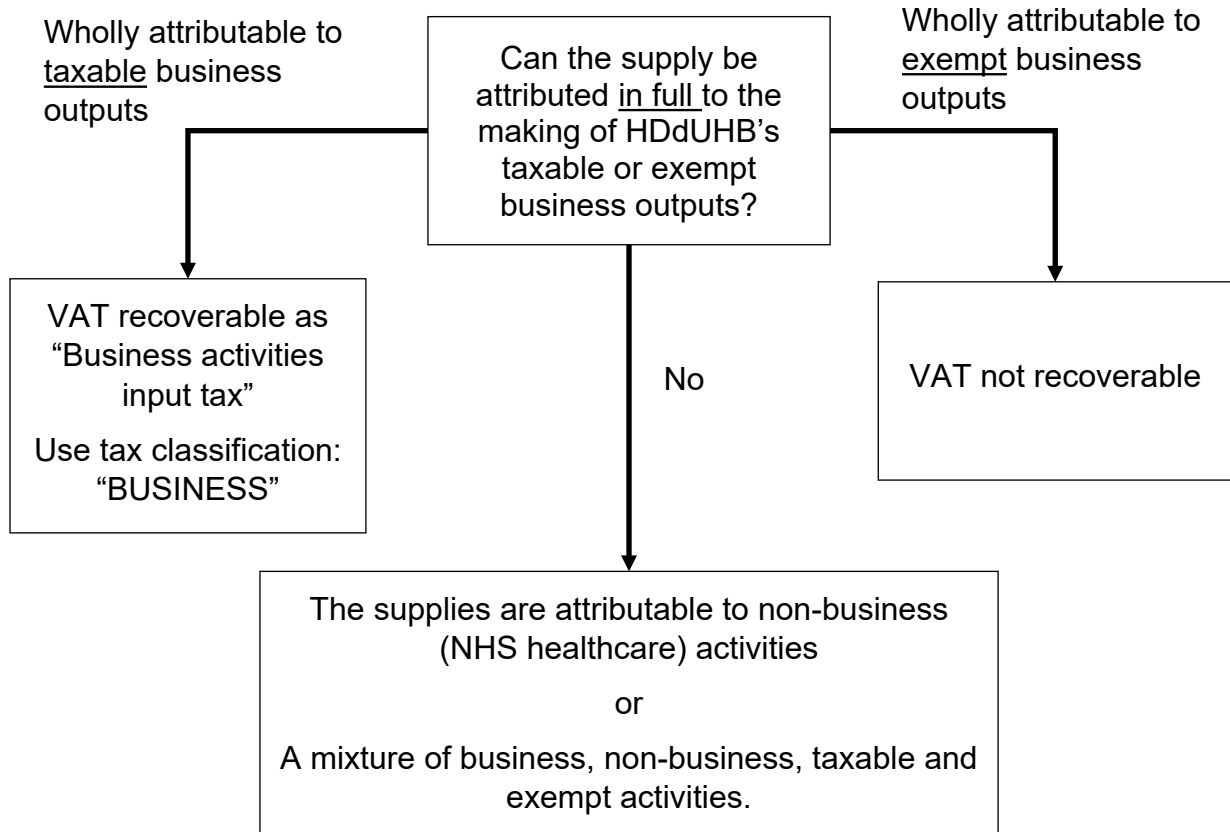
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- 56 Radio services
- 57 Recruitment and relocation of staff
- 60 Security services
- 61 Services of printing, copying, reproducing or mailing of any documents or publications
- 63 Storage, distribution and goods disposal services
- 65 Training, tuition or education
- 67 Travel services
- 69 Typing secretarial, telephonist and clerical services including agency staff
- 70 Waste disposal services
- 71 Welfare services
- 74 Original research undertaken in order to gain knowledge and understanding

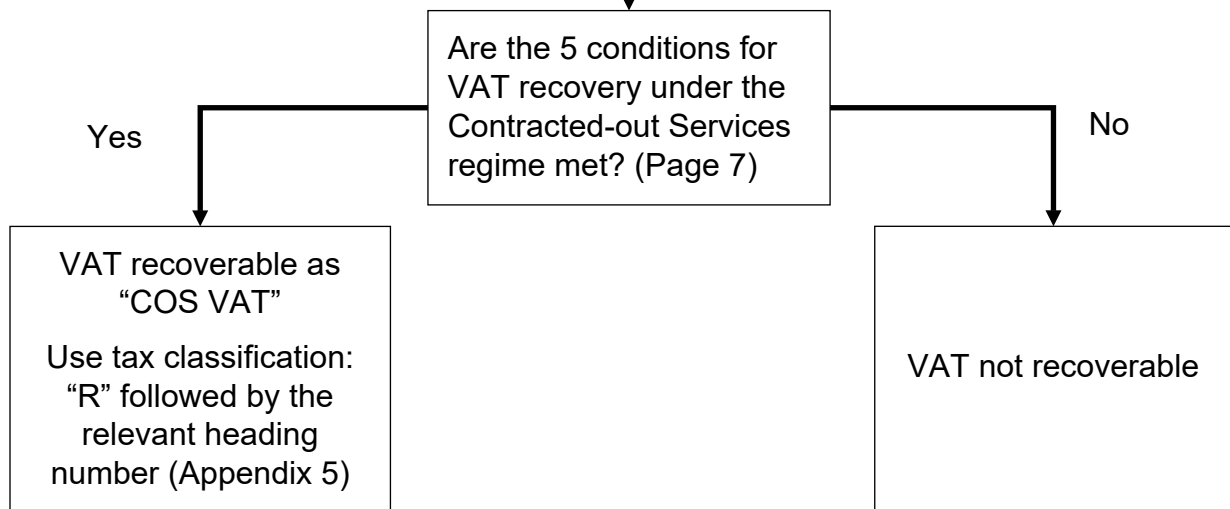
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APPENDIX 3 – DECISION TREE: CAN HDdUHB RECOVER THE VAT INCURRED ON A PURCHASE OF GOODS OR SERVICES?

Step 1 – Normal rules



Step 2 – COS regime



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APPENDIX 4 – HOW TO CHANGE THE TAX CLASSIFICATION OF A REQUISITION

- 1) At the Checkout, click on the magnifying glass next to the Tax Classification Code box.

ORACLE iProcurement

Shop Requisitions Receiving

Requisition Information Approvals Review And Submit

Checkout: Requisition Information

* Indicates required field

* Requisition Description Example VAT recoverable service

Delivery

* Need-By Date 10-Jul-2020 00:00:00
(example: 18-Jun-2020 19:45:00)

* Requester Jones, Mr. Gareth Huw.

* Deliver-To Location 250061 Finance Ty Gorn

Billing

Charge Account 100-0372-36500-0001

* Tax Classification Code NONREC

Cancel Save Submit Edit Lines Step 1 of 3 Next

Shop Requisitions Receiving Shopping Cart Home Logout Preferences Help

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- 2) In the pop-up window, remove “NONREC” from the search box to return a list of all possible tax classification codes. Select “Next 10” to work down the list.

To find your item, select a filter item in the pulldown list and enter a value in the text field, then select the "Go" button.

Search By Tax Classification Go

Results

Previous 10 51-60 Next 10

Select	Quick Select	Tax Classification	Tax Classification Name
<input checked="" type="radio"/>		R65	Training, Tuition & Education
<input type="radio"/>		R67	Travel Services
<input type="radio"/>		R69	Clerical Services, inc Agency
<input type="radio"/>		R70	Waste Disposal Services
<input type="radio"/>		R71	Welfare Services
<input type="radio"/>		R74	Research
<input type="radio"/>		RCF10	RCF10 Char Funds Catering
<input type="radio"/>		RCF13	RCF31 COLLECTION DELIVERY & DISTRIBUTION SERVICES
<input type="radio"/>		RCF15	RCF15 Char Funds Conf & Exhibition Services
<input type="radio"/>		RCF35	RCF35 Char Funds Building Maintenance

Previous 10 51-60 Next 10

- 3) Select the desired code (in this example, “R65” means “Recoverable under COS heading 65”). Click “Select”. Your requisition will now be assigned the newly selected tax classification code.

ORACLE iProcurement

Shop Requisitions Receiving

Requisition Information Approvals Review And Submit

Checkout: Requisition Information

* Indicates required field

* Requisition Description Example VAT recoverable service

Delivery

* Need-By Date 10-Jul-2020 00:00:00
(example: 18-Jun-2020 19:45:00)

* Requester Jones, Mr. Gareth Huw.

* Deliver-To Location 250061 Finance Ty Gorn

Billing

Charge Account 100-0372-36500-00000000

* Tax Classification Code R65

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HYWEL DDA UNIVERSITY HEALTH BOARD

APPENDIX 5 – IPROCUREMENT SYSTEM TAX CLASSIFICATION CODES

VAT recoverable classifications

BUSINESS	Recoverable Business Activities Input Tax
R01	Recoverable under COS heading 1
R06	Recoverable under COS heading 6
R09	Recoverable under COS heading 9
...	...
R74	Recoverable under COS heading 74

Selected others

NONREC	Supply is standard-rated and non-VAT recoverable
ZERO	Supply is zero-rated
EXEMPT	Supply is VAT exempt
OUT OF SCOPE VAT	Transaction is outside the scope of VAT