



Policy paper

Revenue and Customs Brief 5 (2019): VAT rule changes for higher education

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1. Purpose of this brief

This brief provides an update on Revenue and Customs Brief 11 (2018): VAT rule changes for higher education and [VAT rules for higher education providers \(VAT information sheet 08/18\)](#).

The previous brief announced that the government would be amending the VAT law from 1 August 2019 to ensure continuity of the VAT treatment for English higher education (HE) providers.

An update is required as a result of changes being made to the way in which providers will be funded by the Office for Students (OfS) from the start of the 2019 to 2020 academic year.

This brief announces that the change has completed its passage through parliament and will come into effect from 1 August 2019, under the Higher Education and Research Act 2017.

There are no changes to the VAT law affecting HE providers in Scotland, Wales and Northern Ireland.

2. Readership

HE providers in England and their advisers.

3. Explanation of VAT Change

The change in legislation removes the VAT exemption for English HE providers which are currently designated as eligible to receive support from central funding, or are higher education corporations. The VAT exemption will apply to those providers who are registered with the OfS in the Approved (fee cap) category from 1 August 2019.

Note 1(c) to Group 6 of Schedule 9 to the VAT Act 1994 currently refers to bodies that fall within subsections 91(5)(b) and (c) of the Further and Higher Education Act (FHEA) 1992, but subsections 91(5)(b) and (c) of FHEA 1992 will only apply to institutions in Wales with effect from 1 August 2019.

Note 1(c) and eligible body status will only apply to HE providers that are registered with the OfS in the Approved (fee cap) category. Other HE providers, such as bodies that are registered with the OfS in the Approved category, or bodies that are not registered do not qualify as eligible bodies under Note 1(c). However, such bodies may still qualify for eligible body status if, or to the extent that, they are covered by the other notes to Group 6. For example, Note 1(e) will continue to treat all non-profit making and non-profit distributing bodies as eligible bodies.

The exemptions that relate to further education are unaffected, although some providers of both higher and further education may wish to register with the OfS in the Approved (fee cap) category.

It is important to note that the exemption will not be back-dated when a body becomes registered in the Approved (fee cap) category. All English HE providers who will become registered in the Approved (fee cap) category will also be entitled to exempt their future supplies, the guidance in VAT information sheet 08/18 remains applicable.

4. Revised VAT Notice and VAT manual

Paragraph 4.1 of [VAT Notice 701/30 \(Education and Vocational training\)](#) will be amended as follows:

Eligible body status

4.1 An eligible body

With effect from 1 August 2019, an eligible body is:

- a school, sixth form college, tertiary college or further education college or other centrally funded further education institution (defined as such under the Education Acts)
- a centrally funded higher education institution in Wales, Scotland and Northern Ireland (defined as such under the Education Acts)
- the governing body of one of these institutions:
 - a local authority
 - a government department or executive agency
 - a non-profit making body that carries out duties of an essentially public nature similar to those carried out by a local authority or government department
 - health authority
- a non-profit making organisation that meets certain conditions
- a commercial provider of tuition in English as a Foreign Language, in which case special rules will apply (see section 9)
- a university

The VAT Education manual has been updated to reflect the change.

5. Further Information

For further information contact the [VAT helpline](#).

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