RUTHERFORD LABORATORY

FINANCE SUB COMMITTEE

FINANCIAL PROCEDURES

VAT

This paper is an addendum to the paper on Financial Procedures and will be incorporated in the next issue of it.

A Customs and Excise ruling has been issued and accepted by the SRC. The general effect is that, with one exception, all input tax charged by suppliers must be treated as an element of cost. The exception is that input tax charged by suppliers is reclaimable from Customs and Excise where it is strictly related to taxable output (ie sales, rechargeable activities etc).

The regulations governing VAT are set out in Customs and Excise Notices 700 to 711 which are available in Finance and Accounts Group. The decisions on whether input tax is chargeable on supplies and services are made by the contractors and only in exceptional circumstances will it be necessary to challenge a decision (and possibly seek a Customs and Excise ruling).

Apart from zero rated and exempt supplies (see annex), all goods and services will carry a 10% VAT charge and this must be included in all requisitions, N12, etc for determining signing levels. The effective devaluation of signing powers by reason of VAT will be taken into account when signing levels are next reviewed.

Financial approvals for capital projects with outstanding work at 1 April 1973 require to be increased and a formal request has been made. Future approvals must include VAT in the total cost.

Stores stock prices are being increased to include VAT and the appropriate adjustment will be made to these prices when issues are made on rechargeable projects.

The amount of VAT payable on purchases from abroad is 10% of the value of the goods plus 10% of the import duty if this is payable.

Finance and Accounts Group are responsible for ensuring that output tax is properly calculated and charged. No charges will be made between SRC establishments.

J M Valentine

22 June 1973

ANNEX

Zero-rated Supplies

Food (except in the course of catering)

Water

Books etc

Talking books for the blind

Newspaper advertisements

News services

Fuel and Power

Construction of buildings

Services to overseas traders or for overseas purposes

Transport

Caravans (static)

Gold

Bank notes

Drugs, medicines and appliances supplied on prescription

Exempt Supplies

Land

Insurance

Postal services

Betting, gaming and lotteries

Finance

Education

Health

Burial and cremation