



NHS VAT UPDATE

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Important information relating to Refund Direction code 41 – nursing services

We reported in our recent NHS VAT Newsletter that the HMRC NHS Compliance Team had decided to restrict recovery of VAT under Refund Direction code 41 to nurses of Grade D to I or Band 5 and above.

HMRC has just issued new guidance which states that they are undertaking a review of the use of code 41 and until this is completed they will allow recovery on a wider range of nursing services. The precise working of the guidance is as follows:

Exceptionally, while the review is in progress NHS bodies may continue to recover VAT that they incur on nurses, nursing auxiliaries, and nursing/healthcare assistants.

If NHS bodies have previously restricted recovery or had VAT disallowed by this team for these services, you may recover the restricted VAT on the next appropriate VAT return.

Revised guidance is promised in the next NHS Compliance Newsletter due out in February/March 2008.

How can we help?

Our VATflow™ methodology aims to ensure that any over or under claims of VAT are identified before your VAT return is rendered, thus avoiding the extra administration involved in preparing claims and delays in receiving VAT refunds.

If you would like to discuss any aspect of this update please contact your usual VAT Liaison advisor or ring our VAT Liaison helpline on 0800 700 652.

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