



VAT: refunds of VAT to search and rescue charities

Who is likely to be affected?

Search and rescue charities namely charities whose main purpose is to search for and rescue people at risk of death or serious injury, charities whose main purpose is to support, develop and promote the activities of charities established to search for and rescue people, and air ambulance charities.

General description of the measure

This measure will refund to search and rescue charities VAT incurred on the purchase of goods and services, and the acquisition and importation of goods from outside the UK, used for their non-business activities. Ordinarily VAT can only be recovered on purchases made for taxable business activities.

Policy objective

The measure will give search and rescue charities broadly the same level of VAT recovery as is presently afforded to the established emergency services.

Background to the measure

The established emergency services (police forces, fire and rescue authorities, NHS ambulance trusts and the Maritime and Coastguard Agency) are already refunded some or all of the VAT they incur in relation to their statutory non-business activities. The policy is to extend this ability to recover VAT incurred by search and rescue charities. These charitable bodies participate in coordinated search and rescue alongside the emergency services and/or support, develop and promote these activities.

Detailed proposal

Operative date

The measure will have effect from 1 April 2015.

Current law

There are no special provisions in VAT legislation concerning the VAT incurred by search and rescue charities on the goods and services they purchase.

Proposed revisions

Legislation will be introduced in Finance Bill 2015 to add two new sections 33C and 33D to the Value Added Tax Act 1994 refunding VAT to search and rescue charities. These will be defined as charities whose main purpose is carrying out co-ordinated search and rescue, whose main purpose is to support, develop and promote the activities of charities established to search for and rescue people; or whose main purpose is to provide an air ambulance service. The term 'charity' will take its meaning from Schedule 6 of the Finance Act 2010.

Summary of impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	-5	-10	-5	-5	-5	-5
	These figures are set out in Table 2.1 of Autumn Statement 2014 and have been certified by the Office for Budget Responsibility. More details can be found in the policy costings document published alongside Autumn Statement 2014.					
Economic impact	The measure is not expected to have any significant economic impacts.					
Impact on individuals, households and families	<p>The measure may have a small positive impact on individuals requiring the services of charitable search and rescue bodies since the measure benefits these bodies financially.</p> <p>The measure is not expected to impact on family formation, stability or breakdown.</p>					
Equalities impacts	The measure is expected to have no equalities impact.					
Impact on business including civil society organisations	<p>The measure is expected to have an impact on charitable bodies that participate in co-ordinated search and rescue alongside the emergency services, allowing them to claim VAT they incur in relation to their statutory non-business activities.</p> <p>The measure is expected to have no impact on businesses.</p>					
Operational impact (£m) (HMRC or other)	There will be no significant operational impact.					
Other impacts	Other impacts have been considered and none have been identified.					

Monitoring and evaluation

This measure will be monitored through information collected in tax returns and through communication with the affected taxpayer groups.

Further advice

If you have any questions about this change, please contact Graham Spencer on 03000 585822 (email: graham.spencer@hmrc.gsi.gov.uk).