



The Value Added Tax (Drugs and Medicines Order 2014)

Who is likely to be affected?

Pharmacists or others similarly authorised who dispense prescriptions completed by physiotherapists and podiatrists

General description of the measure

Physiotherapists and podiatrists currently prescribe drugs only where there is a written clinical management plan prepared by a doctor, these are then dispensed zero rated. Given the Department of Health changes to allow physiotherapists and podiatrists to prescribe drugs on prescription without the involvement of a doctor, this measure ensures the drugs can still be dispensed zero-rated by pharmacists or others similarly authorised.

Policy objective

To ensure that patients of physiotherapists and podiatrists continue to receive their drugs zero-rated when dispensed by a pharmacist or another similarly authorised.

Background to the measure

This measure was announced in Revenue and Customs Brief 21/14.

Detailed proposal

Operative date

This measure will have effect on 21 May 2014.

Current law

Item 1 of Group 12 of Schedule 8 to the Value Added Tax Act 1994 ("the VAT Act") permits a registered pharmacist or another similarly authorised, to dispense zero-rated drugs and medicines to individuals for their personal use on prescription.

Note 2B to the Group lists the health professionals (termed appropriate practitioners) who are permitted to prescribe drugs. Currently, Note 2B does not include physiotherapists and podiatrists as "appropriate practitioners." It does however, entitle physiotherapists and podiatrists to prescribe goods under the heading of a "supplementary prescriber" and therefore qualify for zero-rating when dispensed by a registered pharmacist or another similarly authorised but only when they prescribe it under a clinical management plan agreed with the patient and a doctor.

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Proposed revisions

The Treasury Order adds a physiotherapist independent prescriber and a podiatrist independent prescriber to the list of appropriate practitioners who can prescribe drugs that are zero-rated when dispensed by a registered pharmacist or another similarly authorised without the need for clinical management plan agreed with the patient and a doctor.

Summary of impacts

| Exchequer impact (£m) | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---------|---------|---------|---------|
| | nil | nil | nil | nil | nil |
| | This measure is not expected to have an Exchequer impact | | | | |
| Economic impact | This measure is not expected to have any economic impacts. | | | | |
| Impact on individuals and households | This measure is not expected to have any impact on individuals and households. | | | | |
| Equalities impacts | This measure is not expected to have any equality impacts. | | | | |
| Impact on business including civil society organisations | This measure is not expected to have any impact on business or civil society organisations. The instrument does not increase the volume of drugs and medicines which are allowed to be zero-rated - merely the range of health professionals allowed to prescribe drugs and medicines in their own right. | | | | |
| Operational impact (£m) (HMRC or other) | There will be no operational impact on HMRC. | | | | |
| Other impacts | Other impacts have been considered and none have been identified. | | | | |

Monitoring and evaluation

This policy will be kept under review through communication with taxpayer groups affected by the measure.

Further advice

If you have any questions about this change, please contact: Hugh Haward on 03000 585 5839 (e-mail: Hugh.Haward@hmrc.gsi.gov.uk).

Declaration

David Gauke MP, The Exchequer Secretary to the Treasury has read this Tax Information and Impact Note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.