

VAT: refunds to medical courier charities

Who is likely to be affected?

This measure will apply to medical courier charities (for example blood bikes) whose main purpose is to provide a free, out of hours service to the NHS, transporting urgently needed items, such as blood, platelets, samples for analysis, drugs, patient notes, small medical instruments and donor breast milk.

General description of the measure

The measure will introduce a new VAT refund scheme for medical courier charities. It will enable these charities to reclaim the 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 a taxable business activity.

Policy objective

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

Background to the measure

Medical courier charities transport urgently needed blood and other items of a medical nature. The free, out of hours service provided by these charities is generally not a business activity for VAT purposes where the cost is met from voluntary donations and public funding, rather than from fees charged. There is no provision under normal VAT rules for medical courier charities to recover the VAT paid on purchases made to support their non-business activities. This measure will extend the ability to refund VAT incurred on non-business activities to medical courier charities.

The measure was announced at Budget 2015.

Detailed proposal

Operative date

This measure will have effect in relation to supplies made, and acquisitions and importations taking place, on or after the 1 April 2015.

Current law

There are no existing specific provisions in VAT legislation concerning the VAT incurred by medical courier charities on the goods and services they purchase.

Proposed revisions

Legislation will be introduced in Finance Bill 2015 to add new sections 33C and 33D to the Value Added Tax Act 1994 which will allow medical courier charities to claim a refund of VAT incurred for the purpose of their non-business activities. The legislation will define medical courier charities. The term 'charity' will take its meaning from Schedule 6 of the Finance Act 2010.

Summary of impacts

Exchequer impact (£m)	2015-16	2016-17	2017-18	2018-19	2019-20
	negligible	negligible	negligible	negligible	negligible
	This measure is expected to have a negligible impact on the Exchequer.				
Economic impact	This measure is not expected to have any significant economic impacts.				
Impact on individuals, households and families	There is no direct impact upon individuals and households. The measure is not expected to impact on family formation, stability or breakdown.				
Equalities impacts	The measure is expected to have no equalities impact.				
Impact on business including civil society organisations	The measure is expected to have a small positive financial impact on approximately 40 medical courier charities, allowing them to recover the VAT they incur in relation to their non-business activities. The administrative burden on these charities is expected to be negligible. This measure is expected to have no impact on businesses.				
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

The VAT refunds claimed by medical courier charities under sections 33C and 33D will be monitored by a dedicated unit within HMRC and normal audit activity will monitor whether the changes are working as intended.

Further advice

If you have any questions about this change, please contact Jo Turner on 03000 589470 (email: jo.turner@hmrc.gsi.gov.uk).