

## 1 Removal of VAT exemption for private school fees

- (1) VATA 1994 is amended as follows.
- (2) In Schedule 9 (exemptions) –
  - (a) in Group 6 (education) –
    - (i) in item 3(b)(i), after “5A” insert “(or would be so exempt but for item 1 or 2 of Part 3)”;
    - (ii) in item 4, after “item 1” insert “(whether or not that supply also falls within item 1 or 2 of Part 3)”;
  - (b) after Part 2 (the groups) insert –

### “PART 3

#### EXCEPTIONS

##### *Item No.*

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|---|--|
| 1 | The provision of education by a private school, other than the provision of education in a nursery class.            |
| 2 | The provision of vocational training by a private school.  |
| 3 | The provision of board and lodging which is closely related to a supply of a description falling within item 1 or 2. |

##### *Notes:*

- (1) A “private school” means –
  - (a) either –
    - (i) a school at which full-time education is provided for pupils of compulsory school age or, in Scotland, school age (whether or not such education is also provided for pupils under or over that age), or
    - (ii) an institution at which full-time education is provided for persons over compulsory school age but under 19 and which is principally concerned with providing education suitable to the requirements of such persons (for example, a sixth form college), and
  - (b) where fees or other consideration are payable for that provision of full-time education.
- (2) For the purposes of items 1 and 2, the provision of education or vocational training at a private school by any eligible body other than a private school is to be treated as provision by a private school if –
  - (a) the eligible body and the private school at which the provision is made are closely bound to one another by financial, economic and organisational links,
  - (b) the eligible body and that private school are connected within the meaning of section 1122 of the Corporation Tax Act 2010 (connected persons), or

- (c) the provision by the eligible body is a result of arrangements the main purpose, or one of the main purposes, of which is to secure that the provision is an exempt supply.
  - (3) But a school is not a private school, and provision by a school is not to be treated as provision by a private school, if—
    - (a) it is a nursery school, or
    - (b) it is approved under section 342 of the Education Act 1996 (approval of non-maintained special schools).
  - (4) For the purposes of Note (2)—
    - (a) “arrangements” include any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable), and
    - (b) an “eligible body” has the meaning given by Note (1) to Group 6.
  - (5) For the purposes of item 1, a “nursery class” means a class that is composed wholly of children who—
    - (a) are under compulsory school age or, in Scotland, school age, and
    - (b) would not be expected to attain that age while in that class.
  - (6) “Vocational training” has the meaning given by Note (3) to Group 6.
  - (7) In these Notes, “compulsory school age”, “pupil”, “school” and “school age” have the meanings given by the Education Act 1996, the Education (Scotland) Act 1980 and the Education and Libraries (Northern Ireland) Order 1986 in relation to England and Wales, Scotland and Northern Ireland respectively.”
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- (3) In section 31 (exempt supplies), in subsection (1), for “Schedule 9” substitute “Part 2 of Schedule 9 and it is not of a description specified in Part 3 of that Schedule”.
  - (4) In section 8 (reverse charge on supplies received from abroad), in subsection (4A), for “Schedule 9” substitute “Part 2 of Schedule 9 and not specified in Part 3 of that Schedule”.
  - (5) In section 43 (groups of companies), in subsection (2A)—
    - (a) in paragraph (b), for “Schedule 9” substitute “Part 2 of Schedule 9 or are within any of the descriptions specified in Part 3 of Schedule 9”;
    - (b) in paragraph (c) for “Schedule 9” substitute “Part 2 of Schedule 9 or which do fall within any of the descriptions specified in Part 3 of Schedule 9”.

## 2 Pre-paid private school fees

- (1) Subsection (2) applies to the provision of education services during a school term if a payment in respect of the services was received by the person providing the services on or after 29 July 2024 and before 30 October 2024.

- (2) That provision is treated for the purposes of the charge to VAT as a supply taking place on the later of—
  - (a) 1 January 2025, and
  - (b) the first day of that term.

Accordingly, that provision is not to be regarded (as a result of provision made by or under VATA 1994) as a supply taking place at any other time.

- (3) The Treasury may by order provide that subsection (2) does not apply to supplies of a description specified in the order.
- (4) In this section “the provision of education services” means the provision of education, vocational training or board and lodging of a description specified in Part 3 of Schedule 9 (exceptions).
- (5) This section is to be read as if it were contained in VATA 1994.

### **3 Commencement**

Sections 1 and 2 are to be treated as having come into force on 30 October 2024 and have effect in relation to the provision of education, vocational training or board and lodging on or after 1 January 2025.