

1 Removal of 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– <ol style="list-style-type: none"> (a) the provision of the teaching of English as a foreign language, (b) the provision of education in a nursery class, or (c) the provision of a higher education course. |
| 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 an institution which is either–
 - (a) a school–
 - (i) 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),
 - (ii) where fees or other consideration are payable for that provision of full-term education, and
 - (iii) which is not a nursery school, or
 - (b) an institution–
 - (i) which is wholly or mainly concerned with providing education suitable to the requirements of persons over compulsory school age (or, in Scotland, school age) but under 19,
 - (ii) at which full-time education is provided for such persons,
 - (iii) where the provision of full-time education falling within sub-paragraph (ii) is wholly or mainly provision in respect of which fees or other consideration are payable, and
 - (iv) which is not an independent training or learning provider.

- (2) In Note (1)(b) an “independent training or learning provider” means an institution –
 - (a) at which education or training is provided for persons over compulsory school age (or, in Scotland, school age) but under 19 under a contract with a relevant contracting authority, and
 - (b) where the consideration for the provision falling within paragraph (a) is payable by the relevant contracting authority under that contract.
- (3) For the purposes of Note (2), a “relevant contracting authority” means the Secretary of State, Medr (Commission for Tertiary Education and Research), the Department for the Economy in Northern Ireland or Skills Development Scotland.
- (4) 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 that private school are connected within the meaning of section 1122 of the Corporation Tax Act 2010 (connected persons), or
 - (b) 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.
- (5) For the purposes of Note (4) –
 - (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.
- (6) For the purposes of item 1 –
 - (a) a “nursery class” means a class that is composed wholly (or almost wholly) of children who –
 - (i) are under compulsory school age or, in Scotland, school age, and
 - (ii) would not be expected to attain that age while in that class, and
 - (b) a “higher education course” –
 - (i) in relation to England and Wales, has the meaning given by section 83(1) of the Higher Education and Research Act 2017;
 - (ii) in relation to Scotland, means a course of any description mentioned in section 5(3) of the Further and Higher Education (Scotland) Act 2005;
 - (iii) in relation to Northern Ireland, means a course of any description mentioned in paragraph 1 of Schedule 1 to the Further Education (Northern Ireland) Order 1997 (S.I. 1997/1772 (N.I. 15)).

- (7) For the purposes of item 2 “vocational training” has the meaning given by Note (3) to Group 6.
 - (8) 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 (S.I. 1986/594 (N.I. 3)) in relation to England and Wales, Scotland and Northern Ireland respectively.”
- (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 that Schedule”;
 - (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 that Schedule”.

2 Charge on 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) But subsection (2) does not apply to the provision of education services by a school if the school is approved under section 342 of the Education Act 1996 (approval of non-maintained special schools).
- (4) In this section “the provision of education services” means a provision of education, vocational training or board and lodging falling within Part 3 of Schedule 9 (exceptions).
- (5) This section is to be read as if it were contained in VATA 1994.

3 Sections 1 and 2: commencement

- (1) Sections 1 and 2 are to be treated as having come into force on 30 October 2024 and have effect in relation to any provision of education, vocational

training or board and lodging on or after 1 January 2025 (whenever that supply is treated as taking place for the purposes of the charge to VAT).