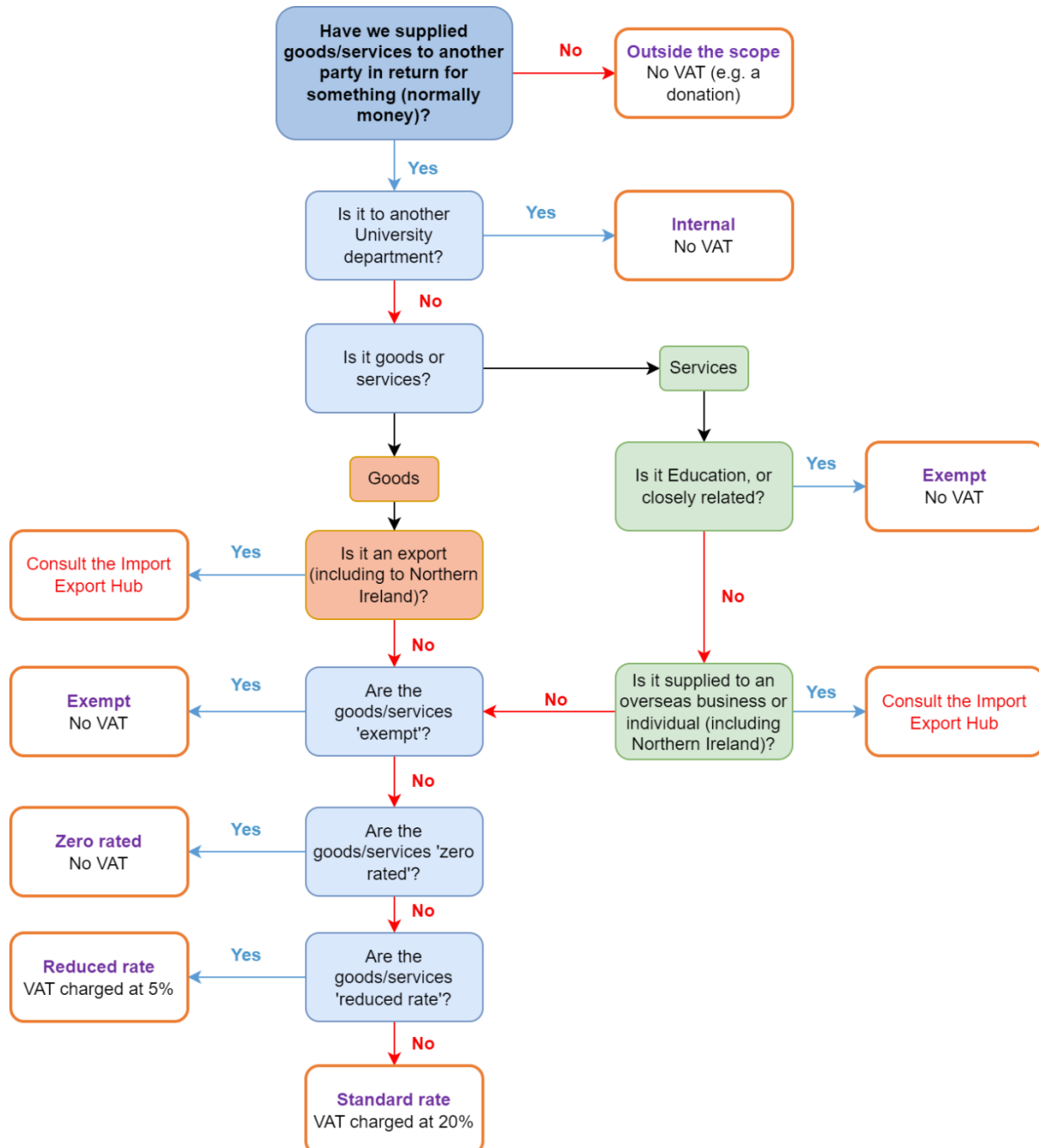




AR and VAT

Use the flowchart below to help you when deciding whether to charge VAT on an invoice, or whether a proportion of the monies you have received is VATable.

Important: if you are unsure at any stage please speak to the University Tax team VATQueries@admin.cam.ac.uk





Below are some common examples of items in the University and their VAT rates. Further details and explanations are given in the [VAT guidance](#) published on the Finance Division web page. For information about selling overseas, look at the [Import Export Hub](#), and specifically their guidance on [exporting goods](#) and [exporting services](#).

The University Tax Team may be contacted on VATQueries@admin.cam.ac.uk and the Import Export Hub on ImportExportHub@admin.cam.ac.uk.

Common outside the scope items	
True donations	VAT is not chargeable on pure donations of cash, i.e. where no strings are attached to the donation. However, if a 'donation' of cash is made on condition that the recipient provides something in return, then the recipient is making a taxable supply of services to the donor which will be liable to VAT under the normal rules. True donations are 'outside the scope' of VAT.
Common Zero-rated Items	
<ul style="list-style-type: none">• Sales of books• Library fines• Export of goods – but contact the Import Export Hub in advance to ensure correct paperwork and procedures are followed	
Common Exempt items	
<ul style="list-style-type: none">• Fees for education and vocational training• Goods/services closely related to the supply of education, vocational training or research (when supplied to another eligible body for use directly by their students)• Rent and room hire (in the majority of cases)• Catering for students• Photocopying for students• Sale of stamps• Bench fees for students	



Common Standard Rated Items	
	<ul style="list-style-type: none">• Sales to staff and visitors• Sales of second hand equipment (unless it can be zero-rated in its own right e.g. books)• Catering for staff and visitors• Sale of postcards• Admission cards for libraries• Sponsorship• Advertising• Bench fees for academics• Gift items e.g. souvenir mugs• Consultancy Fees

Education

Supplies of education are 'exempt'. This includes not only supplies of education to full time students, but to all supplies of education. Education includes educational seminars, conferences, and lectures, together with sporting and recreational courses.

Closely related supplies

Supplies of goods and services which are closely related to a supply of education, vocational training or research (where the research is supplied to another eligible body) are 'exempt'. For example, supplies of accommodation, catering and other facilities to those attending a conference are 'exempt' under the proviso that they are a closely related supply to the supply of the education. Other examples of 'closely related supplies' are transport, photocopying, and supplies from vending machines. However, alcohol is not included in this concession!

The decision as to whether a supply is closely related to the provision of education can be subject to interpretation and in cases of doubt you should take advice from the Tax Section.

Room hire

The supply of room hire is 'exempt', unless the University has 'opted to tax' the building, in which case VAT should be added at the 'standard rate'. The majority of buildings have not been subject to an 'option to tax'.

Room hire for the purpose of catering is 'standard rated', as is the supply of room hire in conjunction with the supply of bedded accommodation.

Catering

Supplies to students are 'exempt'. Supplies to staff and visitors are standard rated. Where there is a mixed supply, the different types of supply should be identified. If it is difficult to identify different categories of customer at the point of sale, please speak to the Tax Section who may be able to agree a different method of calculating the VAT due.

Museum and other shops

- The supply of books is 'zero-rated'. This includes children's picture books and painting books.
- The sale of postcards is 'standard rated'.
- The supply of stamps is 'exempt'.



Libraries

- Library fines are 'zero-rated'.
- Admission cards are 'standard rated' where a charge is made.

Photocopying services

Photocopying charged to another department is an internal sale and 'INT' should be selected as the tax rate. The supply of photocopying services to a student is regarded as a 'closely related supply' and is 'exempt'. Other supplies of photocopying are 'standard rated'.

Supplies of second-hand goods to staff

The supply of second-hand goods to staff are 'standard rated' unless the item being sold is 'zero-rated' in its own right e.g. books.

How do I account for VAT on cash sales?

Non invoice related receipts of cash should be entered under 'receipts' within the Accounts Receivable responsibility. The receipt type should be set at 'Misc'. Before receipts of cash are entered, each activity will need to be set up as a ['Receivable Activity'](#). For example, you might need activities for exempt and VATable catering coming from the same canteen.

Further support is available in the ['Entering a Miscellaneous Receipt'](#) guidance.

You **must not** raise invoices off the system and apply the receipt of cash to a receivable activity as this can lead to an error in the paying VAT to HM Revenue and Customs at the correct time, as this is driven by the invoice date, not the date of receiving payment.