

ROO - VAT prompt cards

Which VAT code shall I use for Research & Studentship funds / income?

Prime sponsor / funder is:

1. [Research Council](#)
2. [European Commission](#)
3. [UK Commercial entity](#)
4. [Overseas commercial entity](#)
5. [UK Government \(including health authorities\)](#)
6. [Overseas Government \(including health authorities\)](#)
7. [UK Charity](#)
8. [Overseas Charity](#)
9. [Sub-contracted and Collaborative Research – UK](#)
10. [Sub-contracted and collaborative research - Overseas](#)

Please contact vatqueries@admin.cam.ac.uk if, having followed the relevant prompt card, you are still unsure which VAT code should be used.

Prime Sponsor / Funder	Expected tax rate	Example
Research Council	Outside the Scope	
Over-rides to expected tax rate	Revised tax rate	
Is the funding for development of equipment/other outputs which will be transferred to the funder/third party?	SR 20%	This includes any goods, websites, software or similar output, but not reports stating the results of the research.
Is the funding for development of equipment which will be transferred outside the UK?	RG	Equipment here only includes physical goods.
Does the grant require that IP is transferred to a commercial entity?	Refer to tax team	<p>This would include:</p> <ul style="list-style-type: none"> • a commercial entity receiving a non-exclusive license or an option to negotiate a license; and • The granting of such license is a requirement in the prime contract with the research council.

Prime Sponsor / Funder	Expected tax rate	Examples
European Commission	Outside the Scope	
Over-rides to expected tax rate	Revised tax rate	
Is the funding for development of equipment which will be transferred outside the EU?	RG	Equipment here only includes physical goods.
Does the grant require that IP is transferred to a commercial entity?	Refer to tax team	<p>This would include:</p> <ul style="list-style-type: none"> • a commercial entity receiving a non-exclusive license or an option to negotiate a license; and • The granting of such license is a requirement in the prime contract with the Commission.

Prime Sponsor / Funder	Expected tax rate	Examples
UK commercial entity	SR 20%	<p>Any partnership, sole trader, limited company or public company which has its principal or registered place of business in the UK.</p> <p>This includes studentships.</p>
Over-rides to expected tax rate	Revised tax rate	
<p>Is the funding a genuine donation such that the funder receives no benefit?</p> <p> </p>	Outside the Scope	<p>A genuine donation for VAT purposes constitutes the free giving of funds by the Sponsor for research that is for the public good, without receiving any benefit in return.</p> <p>Benefits = IP rights, options to negotiate IP rights / licences, results that are publicly available but due to their nature aid commercial exploitation by the Sponsor.</p>
Does the contract require that the research is undertaken for a branch of the company based outside the UK?	RS	This could be the case if the Sponsor contact is based abroad and any deliverables are to be received and utilised at this location outside the UK.

Prime Sponsor / Funder	Expected tax rate	Examples
Overseas commercial entity	RS	<p>Any partnership, sole trader, limited company or public company which has its principal or registered place of business outside of the UK.</p> <p>This includes studentships.</p>
Over-rides to expected tax rate	Revised tax rate	
Is the funding a genuine donation such that the funder receives no benefit?	Outside the Scope	<p>A genuine donation for VAT purposes constitutes the free giving of funds by the Sponsor for research that is for the public good, without receiving any benefit in return.</p> <p>Benefits = IP rights, options to negotiate IP rights / licences, results that are publicly available but due to their nature aid commercial exploitation by the Sponsor.</p>
Does the contract require that the research is undertaken for a branch of the company based within the UK?	SR 20%	This could be the case if the Sponsor contact is based in the UK and any deliverables are to be received and utilised at this location within the UK.

Prime Sponsor / Funder	Expected tax rate	Examples
UK Government	Outside the Scope	This includes health authorities, government agencies and the military.
Over-rides to expected tax rate	Revised tax rate	
Is the funding given by the military and is there an expected military benefit?	SR 20%	The benefit could be the nature of the research (new materials, modelling techniques, etc – regardless of whether made public or not) or if the research results are classified.
Does the Sponsor get an operational benefit from the research?	SR 20%	Operational benefits could be, for example, efficiency modelling for a health authority, a study on prisoner re-offending rates for the prison service or research into how to encourage students to take on STEM subjects for the Department for Education.
Does a different entity receive a benefit e.g. IP rights?	Refer to Tax Team	Sometimes commercial entities receive IP benefits that they commercialise that are funded by Government Department contracts with UCAM. This could be 3 rd party consideration.
Does UCAM create anything for the Sponsor, such as a dataset, a website, a piece of equipment, a training programme, etc?	Refer to tax team	

Prime Sponsor / Funder	Expected tax rate	Examples
Overseas Government	Outside the Scope	This includes health authorities, government agencies and the military.
Over-rides to expected tax rate	Revised tax rate	
Is the funding given by the military and there is an expected military benefit?	RS	This could be the nature of the research (new materials, modelling techniques, etc – regardless of whether made public or not) or if the research results are classified.
Does the Sponsor get an operational benefit from the research?	RS	This could be efficiency modelling for a health authority, a study on prisoner re-offending rates for the prison service or research into how to encourage students to take on STEM subjects for the Department for Education.
Does a different entity receive a benefit e.g. IP rights?	Refer to Tax Team	Sometimes commercial entities receive IP benefits that they commercialise that are funded by Government Department contracts with UCAM. This could be 3 rd party consideration.
Does UCAM create anything for the Sponsor, such as a dataset, a website, a piece of equipment, a training programme, etc?	Refer to tax team	

Prime Sponsor / Funder	Expected tax rate	Examples
UK Charity	Outside the Scope	This includes UK universities.
Over-rides to expected tax rate	Revised tax rate	
Is the charity not the prime sponsor / original funder?	See Sponsor card “Subcontracted and collaborative Research”	
Does the charity receive any operational benefit?	SR 20%	This could be research that is looking at the effectiveness/impact of previous research sponsored by the charity or research aimed at improving the operations of the charity e.g .evaluation studies

Prime Sponsor / Funder	Expected tax rate	Examples
Overseas Charity	Outside the Scope	This includes overseas universities.
Over-rides to expected tax rate	Revised tax rate	
Is the charity not the prime sponsor / original funder?	See Sponsor card “Subcontracted and collaborative Research”	
Does the charity receive any operational benefit?	RS	This could be research that is looking at the effectiveness/impact of previous research sponsored by the charity or research aimed at improving the operations of the charity e.g. evaluation studies

Sponsor / Funder	Expected tax rate	Examples
<p>Subcontracted and Collaborative Research, entity UCAM contracts with is <u>UK based</u></p>	<p>Outside the Scope</p>	<p>This is a situation where <u>UCAM does not contract with the Prime Sponsor</u> but with another entity for funding/income.</p>
<p>Over-rides to expected tax rate</p>	<p>Revised tax rate</p>	<p>Where UCAM is acting as a sub-contractor and invoicing for services – to anyone above UCAM in the funding chain.</p>
<p>Is the Prime Sponsor a commercial entity that <u>does not make a genuine donation?</u></p>	<p>SR 20%</p>	<p>Regardless of whether there was a joint application, this will be classified as a subcontract for VAT purposes as a commercial benefit (usually IP) is transferred.</p>
<p>Is UCAM (or the PI) <u>not a joint applicant</u> for the funding nor referenced in the prime award as a collaborator (nor subsequently added and acknowledged by the Prime Sponsor)?</p>	<p>SR 20%</p>	<p>If there is no joint application or reference as a collaborator in the prime award, the conditions for a collaboration for VAT purposes are not fulfilled, regardless of the academic nature of the work.</p>
<p>Does the entity UCAM contracts with have more requirements for IP terms than required by the Prime Sponsor?</p>	<p>SR 20%</p>	<p>This would indicate there being a subcontract rather than a collaboration, as the entity UCAM contracts with receives a benefit.</p>
<p>Are the terms under which UCAM undertakes research more akin to those when providing services?</p>	<p>SR 20%</p>	<p>This could be testing of samples sent by another entity which are charged on a per sample basis.</p>

Sponsor / Funder	Expected tax rate	Examples
Subcontracted and Collaborative Research, entity UCAM contracts with is <u>non-UK based</u>	Outside the Scope	This is a situation where <u>UCAM does not contract with the Prime Sponsor</u> but with another entity for funding/income.
Over-rides to expected tax rate	Revised tax rate	Where UCAM is acting as a sub-contractor and invoicing for services – to anyone above UCAM in the funding chain.
Is the Prime Sponsor a commercial entity that does <u>not make a genuine donation?</u>	RS	Regardless of whether there was a joint application, this will be classified as a subcontract for VAT purposes as a commercial benefit (usually IP) is transferred.
Is UCAM or the PI <u>not</u> a joint applicant for the funding or referenced in the prime award as a collaborator (or subsequently added and acknowledged by the Prime Sponsor)?	RS	If there is no joint application or reference as a collaborator in the prime award, the conditions for a collaboration for VAT purposes are not fulfilled, regardless of the academic nature of the work.
Does the entity UCAM contracts with have more onerous IP terms than required by the Prime Sponsor?	RS	This would indicate there being a subcontract rather than a collaboration, as the entity UCAM contracts with receives a benefit.
Are the terms under which UCAM undertakes research more akin to those when providing services?	RS	This could be testing of samples sent by another entity which are charged on a per sample basis.