Are any goods (including prototypes or samples) being made?

Is ownership of the goods being transferred to the sponsor?

Has the sponsor issued a valid medical exemption certificate?

Will the goods (not returned to the sponsor) be exported by the University?

Is the agreement with a UK based charity (excluding Universities) or Research Council?

Is the agreement with a UK based government department or health authority?

Is the agreement with a commercial organisation?

Is the project with the European Commission?

Is the contract from other overseas?

Is it an EC Framework 7 agreement?

Is there a transfer of IPR, exclusive rights to a licence, an assignment or other rights of exploitation, exclusively for the benefit of the grantor?

Is the entity UK based?

Is the entity EC based?

Is there a transfer of IPR, exclusive rights to a licence, an assignment or other rights of exploitation, exclusively for the benefit of the grantor?

EZG (Zero rated)

RG (Zero rated)

Zero rate

Standard rate

RG (Zero rated)

Zero rate

Standard rate

Standard rate

EZS (Zero rated)

RS (Zero rated)

Outside the scope

ECF 7

Outside the scope

ECF 7

Outside the scope

RS (Zero rated)

* The sponsor's EU VAT number must be obtained and included on our invoice. We must also retain proof of the goods leaving the UK (e.g. airway bills, bills of lading etc.)

** We must retain proof of the goods leaving the UK (e.g. airway bills, bills of lading etc.)

*** Sponsor's EU VAT number must be obtained and included on our invoice.
Is the funding routed through another university?

Please refer to the tax team

Is the funding body a commercial entity?

Yes

Standard rate

No

Please refer to the tax team

Is Cambridge University on the original award letter as a recipient of the grant and providing research?

No

Is Cambridge University identified on the application as a collaborating party providing research?

No

Is Cambridge University being added to the grant as a research collaborator?

No

Is the grant being transferred from another university following the transfer of the principal investigator?

No

Outside the scope

Yes

Costing rules

If a contract is **standard** or **zero rated**, VAT incurred on purchases can be reclaimed and therefore it should be excluded for the purposes of calculating the costs which will be incurred on the grant. For standard rated grants, add VAT to the total University price to quote the VAT inclusive price to the sponsor.

*NB the VAT added is passed onto HM Revenue and Customs and is not income for the University*

If a grant is **EC Framework 7 (ECF7 - Outside the scope)**

VAT incurred on purchases cannot be reclaimed from HMRC. In addition, because the EC doesn’t fund VAT on these grants, when calculating the charge to be invoiced to the EC the VAT on purchases should be excluded.

However, the VAT is still a cost to the University and must be paid for from departmental funds.

If the grant is **outside the scope**, VAT incurred on purchases cannot be reclaimed and therefore any VAT which will be incurred must be included in the costs for the grant. Total cost to the sponsor will equal the total cost to the University i.e. no VAT will be added on invoicing.

**Medical exemption**

If research is medical or veterinary research, some equipment and consumables may be purchased free of VAT (Zero rated)

See chapter 9 of the FPM

**Agreements with UK charities**

Agreements with UK based charities could theoretically be standard rated where IPR is transferred to the sponsor. However as a general rule HMRC ignore this on the basis that the charity is simply requiring that any IPR arising is exploited and/or setting conditions for IPR to be shared. HMRC do not believe that these conditions create a supply for VAT purposes.

If in doubt refer queries to the University VAT Manager, Tracy Levitt

Email: VATQueries@admin.cam.ac.uk

Phone: (3) 32230