

Q&A – VAT IMPACT ON BILLING

Q: VAT codes on the invoice

The bill will look different to previous bills and will include a VAT code against each itemised supply on the bill. The VAT code indicates whether the supply is vatiable at 20%, outside the scope of VAT, exempt or zero rated. The VAT table at the bottom of the bill shows how much VAT is include on the bill, this is the amount that the School has to pay over to HMRC.

Q: Lunches

The January fee was set and published in order to give parents as much notice as possible. At the time it was uncertain as to whether certain supplies would be vatiable or not. We have now been advised that lunches (when offered to all pupils ie. when day pupils are in attendance) can be exempt from VAT. You will therefore see a separate line on the bill for lunches with no VAT applied to this line.

The overall published fee has remained the same, the school anticipated the supply would not be vatiable when setting the fee, only passing on 8% of the VAT impact to parents.

Q: Books

The same principle applies to books as lunches. This is a small charge as books are returnable and reused.

Q: Michaelmas Term recharges

Michaelmas Term recharges are not subject to VAT as the supply happened before the legislation comes into effect on the 1st January 2025. From Lent Term certain recharges will be subject to VAT, further guidance will be issued on these in due course.

Q: Nursery fees

Nursery fees remain exempt from VAT.

Q: Tennis fees

When setting the fees for tennis the School was hopeful that a sports exemption would be retained. However, we have been advised that tennis coaching will be vatiable. The school will honour the published fee for Lent and Summer term 2025 but will be increasing the fee in September 2025 to account for the VAT (no further inflationary increase will be applied).

Q: Examination fees

Examination fees will remain exempt from VAT.

Q: Fees in lieu of notice

Fees in lieu of notice are a taxable supply and will be subject to VAT.

Q: Transport (home/school)

Transport where billed separately will not attract VAT. However, you may see a different VAT code applied to the bill depending on the size of the vehicle used (zero rated or exempt). This is for internal purposes as it drives the calculation of input tax recovery.

Q: English as a Foreign Language

These charges remain exempt from VAT.

Q: Under 5 government funding

Government funding for Nursery children passed on to the parent will be exempt from VAT (same treatment as the fee). Government funding for children in Reception class passed on to the parent will be standard rated (same treatment as the fee).

Example:

	Nursery	Reception
Fee	£1,260	£3,000 plus vat = £3,600
Discount for government funding	(£300)	(£300) plus vat = (£360)
To pay	£960	£3,240

If you have any further queries, please contact the Financial Controller Karen Engel at karen.engel@sedberghschool.org