

## VAT Agenda

### Trading subsidiaries of Universities

HMRC have revised its policy on the VAT status of University trading subsidiaries.

The Policy changes are made with immediate effect and means that Universities will have to treat their subsidiaries as eligible bodies rather than taxable trading companies. There is a brief transitional period which ends on 31 July 2010.

This means that not only does it extend the scope of exemption for educational services and associated supplies of goods but also may have implications for recovery of input tax affecting the budgets of all such organisations.

Thus any educational services being provided by a University trading subsidiary should be carefully reviewed in light of the above.

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