VAT on School Fees
Draft Legislation – A+ or D?

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VAT Act 1994, Schedule 9 (Exemptions)

- Group 1 (*Land*)
- Group 6 (*Education*)
  - Item 1: The provision of…education…
  - Item 3: The provision of examination services…
  - Item 4: ...goods or services (other than examination services) which are closely related to a supply…within item 1…provided…the goods or services are for the direct use of the pupil…
- Group 7 (*Health & Welfare*)
  - Item 9: The supply by…a charity…of welfare services [*(e.g. the care or protection of children)*]…
- Group 10 (*Sport, Sports Competitions & Physical Education*)

VAT Structure

- Everything in business is subject to VAT
- UNLESS it is exempt (VAT Act 1994, Schedule 9)
- EXCEPT when it is not

VAT Act 1994, Schedule 9, Part 3

- Item 1
  - The provision of education by a private school…

- Item 3
  - The provision of board and lodging which is closely related to a supply of a description falling within item 1…

VAT Act 1994, Schedule 9 - 2025

- Group 1 (*Land*) [Board & lodging excepted?]
- Group 6 (*Education*)
  - ~~Item 1: The provision of…education…~~
  - Item 3: The provision of examination services…
  - Item 4: ...goods or services (other than examination services) which are closely related to a supply…within item 1…provided…the goods or services are for the direct use of the pupil… [Board & lodging excepted?]
- Group 7 (*Health & Welfare*)
  - Item 9: The supply by…a charity…of welfare services [(*e.g. the care or protection of children)*]…) [Private school education excepted?]
- Group 10 (*Sport, Sports Competitions & Physical Education*) [Private school education excepted?]

“Education”

- *North of England Zoological Society* [1999] STC 1027
  - “The word 'education’…is capable of being used in a general sense of "broadening the mind’…There is a narrower sense, however…referring to a specific and structured form of training of some kind…The VAT legislation is referring to education in the sense of a course or class or lesson of instruction, rather than the broader sense…”

- VATEDU36100
  - “Education means a course or lesson of instruction or study in any subject, whether or not that subject is normally taught in schools, colleges or universities and regardless of where and when it takes place...

  - The key word is instruction. Education does not include:
    - supervision, for example for safety reasons, where no instruction is offered…”

“Board & Lodging”

- Oxford Dictionary*
  - “Board”
    - “the provision of regular meals when one stays somewhere, in return for payment or services: *board and lodging*”
  - ”Lodging”
    - “temporary accommodation: *a fee for board and lodging*”

* The app on my iPhone

“Closely Related”

- VATEDU51200
  - “…closely related refers only to goods and services that are:
    - for the direct use of the pupil, student or trainee; and
    - necessary for delivering the education to that person”

  - “However, [*a school*] may treat as closely related any:
    - accommodation;
    - catering;
    - transport;
    - school trips; and
    - field trips,

    that it provides, subject to [*certain*] conditions…”

VAT Act 1994, Schedule 9, Part 3

- Item 1
  - The provision of instruction by a private school…

- Item 3
  - The provision of board and lodging which is necessary for delivering to the pupil the education within item 1…

Welfare

- VATWELF3030
  - The Childcare Act 2006 defines childcare as any form of care for a child including education or other supervised activity…

- VAT Act 1994, Schedule 9, Group 7, Item 9
  - "…does not include the supply of accommodation or catering except where it is ancillary to the provision of care, treatment or instruction"