



Dispensing Medical Practices

VAT - Frequently Asked Questions

Do I need to charge VAT on holiday vaccinations?

When providing medical treatment that is exempt from VAT, any charge you make for bandages, drugs, medicines or prostheses, administered or applied to the patient in the course of the treatment is also exempt.

Any items that are separable from the treatment, e.g. drugs supplied for self administration by a patient, are not exempt.

Drugs dispensed for self administration by a patient on an NHS prescription will be zero rated. However if dispensed on a private prescription then standard rated VAT (currently 17.5%) will apply.

The exemption from VAT for personally administered items applies regardless of the source of income. So whether the NHS, the patient, or the patient's employer is paying, no VAT should be charged.

Therefore holiday vaccinations which take the form of an injection or similar and are personally administered by the medical staff at the practice will be exempt from VAT. No VAT should be charged.

However holiday vaccinations which are taken away for self administration, such as malaria tablets, will need to have VAT charged.

I understand that I can claim back the VAT on goods bought in the last 3 years before VAT registration if I still have them, and for VAT on services bought in the last 6 months before VAT registration which relate to the dispensary. Can I claim anything for items, which are only partly used by the dispensary?

The wording in VAT public notice 700 – The VAT Guide is as follows:

“You may only recover VAT you incurred before registration which is attributable to making taxable supplies. The partial exemption *de minimus* limits do not apply to VAT incurred before registration.”

For items or services that are partly used by the dispensary then you would need to work out what proportion relates to the dispensary. You can then claim back that proportion of the VAT incurred.

However this VAT should not be included when looking at your *de minimus* calculations since there is no possibility of reclaiming the part of the VAT that does not relate to the dispensary.

Remember, these details are for information only. For advice on individual cases contact us to arrange a free, informal and no obligation initial meeting.

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Should I be charging VAT on medical reports?

It was widely expected that medical reports would become VAT-able from 1 April, however this has not turned out to be the case. H M Revenue & Customs are still deliberating over the implications of this to the medical profession and have not made a ruling.

While this deliberation continues practices have been advised by HMRC to account for VAT using 'existing guidance'.

This 'existing guidance' states that preparation of "medical or dental reports, for example those written in connection with insurance, negligence or personal injury cases" are exempt from VAT.

Therefore there is no need currently for practices to account for VAT on medical reports that are based on the doctor using his professional skills, training and knowledge.

Do I need to charge VAT on copying of notes?

From 1 May 2007, where the practice is compelled to provide these as a result of statutory obligation, then any charge made is deemed to be outside the scope of VAT.

Requests made under the following Acts of Parliament would create a statutory obligation:

- Data Protection Act 1998
- Access to Medical Reports Act 1988
- Access to Health Records Act 1990
- Access to Health Records (Northern Ireland) Order 1993

If there is no statutory obligation then any charge made should be standard rated **irrespective** of any medical input from a doctor.

Prior to 1 May 2007 copying could be exempted from VAT if there was medical input into the copying, such as if a doctor were to review the notes prior to them being sent.

Often there is a maximum fixed fee payable by solicitors and the like for copies of medical records. Practices that already charge at or near the maximum limit will therefore have to suffer the VAT rather than being able to pass it on to the person being charged.

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