

## **VAT FAQs**

### **Why do I have to pay VAT now, I have not had to pay before?**

Under Her Majesty's Revenue & Customs (HMRC) regulations, Government Departments do not charge VAT when providing a service. Going forward, the EPC service provider is Serco Ltd and as a 'for profit' organisation under the HMRC regulations Serco has no choice other than to apply VAT to published prices.

### **Why has a prospectus been published clearly stating that EPC does not charge VAT?**

Uncertainty over start date of the new Contract meant that it was prudent for the Cabinet Office to press ahead with a Prospectus to maintain a service to our customers. The Prospectus does also say that we reserve the right to alter published prices.

### **I thought that Educational Services were not subject to VAT?**

There may be certain categories of training to which this applies, but not services at EPC. We also refer back to Serco's 'for profit' status.

### **I am based outside of the EU, do I still have to pay VAT?**

If you can provide us with a letter for Sovereign Activities Exemption (see samples) we will not charge VAT. SAE applies to anyone attending who represents a foreign government in pursuit of sovereign activities, for example military personnel, state run emergency services. It does not apply to overseas Commercial Organisations. Such bodies may be entitled to VAT recovery from HMRC under the 1/8 or 1/13 Directive by making a claim to the UK tax Authority, but VAT will be charged by EPC.

### **How about services delivered outside of the EU?**

VAT will not be applicable for training delivered outside of the EU.

### **We are a charitable body, do we pay VAT?**

Yes, charitable bodies and voluntary organisations are equally liable for VAT charges.

### **I have been invoiced by the Cabinet Office without VAT and I have paid my bill. Am I affected by the changes?**

No. Serco are absorbing that VAT shortfall in these cases as a gesture of goodwill and will recover the funds paid from the Cabinet Office.

**I have been invoiced by the Cabinet Office without VAT but I have not yet paid, how will I be affected?**

The Cabinet Office will be issuing a Credit Note to clear the Invoice you hold. Serco will issue a replacement VAT inclusive Invoice, with the same Purchase Order number if applicable. Payment will then be due to Serco.

**I have a confirmed booking but have not yet been invoiced, how will this affect me?**

Serco will raise a VAT inclusive Invoice in the week of the course taking place.

**Does this mean that VAT needs to be added to all published prices?**

Yes it does. The current prices will be reviewed over the coming weeks to see if any changes are required to any of the three Rates published.