

# General Practice - Finance Matters

March 2021

## VAT Liability of GP Services

### VAT Registration

VAT registration is compulsory for those businesses with taxable ['VATable'] income in excess of the VAT threshold, currently £85,000. Due to VAT rules and regulations, many dispensing practices [including those whose VATable supplies could be below the VAT threshold] have needed to register for VAT voluntarily because it is the only way to retain VAT recovery on their drug purchases. Consequently, many GPs are having to consider the VAT position on income from a wide variety of services they provide.

### Making Tax Digital (MTD)

Furthermore, from April 2019 businesses with taxable turnover in excess of the VAT threshold (currently £85,000) will be mandated to keep their records digitally and provide quarterly updates to HMRC for their VAT.

### VAT liability of income streams

The provision of healthcare is exempt from VAT when:

1. The services are provided by a registered health professional (or under the direct supervision of such a person);
2. They are within the profession in which the professional is registered to practice; and
3. The primary purpose of the services is the protection, maintenance or restoration of the health of the person receiving those services.

However, many peripheral activities of GPs can attract VAT, either at the zero rate, the 5% rate, or the standard 20% rate.

With the increased interaction between GP practices, healthcare commissioners, and other healthcare providers, practices must ensure that they carefully consider the VAT implications of their transactions to ensure VAT is correctly recorded.

VAT can apply to charges made for GP work carried out for the benefit of a third party rather than the patient,

e.g. completing paperwork or carrying out medicals for employers.

Overleaf is an extensive, but not exhaustive, list of services provided by GPs, and their respective VAT treatment.

While this reflects HMRC's guidance in place at the time of writing, it is a high level guide to VAT for GPs and cannot cover every situation. Advice should be sought in cases of doubt.

Whatever the issue, our specialist Healthcare Services and VAT team would be pleased to provide support and advice on tax and accounting matters for GPs and other healthcare providers.

For more information please contact your **Armstrong Watson** representative:



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## Nature of Activity VAT

CERTIFICATES, CLAIM FORMS, INSURANCE SERVICES	
Abortion - confirmatory certificate	Ex
Accident/Sickness Insurance claim form	Ex
Adoption & Fostering health assessment forms AH/AH2	SR
Adoption & Fostering health assessment forms IHA,M/B,C,D,YP or AME	Ex
Assessment of mining injury - report/exam	SR
Benefits Agency (DWP) fees - examinations/reports	SR
Benefits Agency (DWP) fees - attendance allowance	SR
Blind or partially sighted - examination and completion of forms BD8/BP1	SR
Blue/Orange badge scheme - examination and/or report	SR
Certificate of incapacity	Ex
Character reference	SR
Childminder health declaration form	SR
Community service certificate for offenders failing to attend	SR
Cremation certificates	Ex
Death certificates	Ex
Disability Living Allowance (DLA) - factual report and completion of DS1500 form	SR
Domiciliary consultations - completion of form BD8 for benefit purposes	SR
Driving (Elderly, LGV, PCV, Taxi, Racing) fitness certificate with/without medical	SR
Driving Licence form & photograph - signature	SR
Drug company reports	SR
Fitness to attend school examination	SR
Fitness to travel certificate	SR
Freedom from infection certificate	SR
Holiday Insurance Cancellation certificate	Ex
Insurance services - where services are aimed at restoring the individual's health	Ex
Insurance services - commissions received from sale of insurance products	Ex
Insurance services - where not covered elsewhere	SR
International certificate of Vaccination	SR
Passport countersignature	SR

## Nature of Activity VAT

Pilot application for licence, fitness to fly	SR
Private medical insurance claim form	Ex
Probation service - reports for purpose of the courts	SR
Reports for patients for self-referral for overseas medical treatment	Ex
School Fees Insurance claim form	Ex
Shotgun certificate	SR
Sick notes	Ex
Validation of private medical insurance claim form	Ex

### STATUTORY AND LEGAL WORK

Allowances paid to doctors as an ordinary witness, not in their professional capacity	O/S
Copies of medical records under Access to Health Records Act 1990, Access to Medical Reports Act 1988 or Data Protection Act 1998	O/S
Copies of records provided in circumstances which do not fall within statutory obligations	SR
Court Exemption - from attending as a witness on medical grounds	SR
Court of Protection - CP3 Certificate with/without exam or CP7 form	SR
Legal aid regulations (fees under), including exams, reports, MRI/CT scan interpretation, attendance at consultation, attendance at court	SR
Medico Legal Work - not covered elsewhere	SR
Mental Health tribunals	Ex
Power of Attorney - including court of protection work (exam, certificate or witnessing Power of Attorney)	SR
Professional and expert witness testimony and allowances	SR
Statutory services provided under: Section 11 Public Health (Control of Disease) Act 1984 or Supreme Court Act 1981	O/S

KEY:	Ex	exempt
	ZR	zero rated VAT
	SR	standard rated VAT
	RR	reduced rate VAT (currently 5%)
	O/S	outside the scope of VAT
	%	split between exempt and taxable
	#	to be determined



## Nature of Activity VAT

MEDICAL WORK AND ASSESSMENTS	
Airport Attendance - if for medical care	Ex
Airport Attendance - any other reason	SR
Blood tests - Diagnostic	Ex
Blood tests - paternity	SR
Cervical smear test	Ex
Children in care - examinations for 'at risk' children	Ex
Clinical trials involving patient care	Ex
Clinical trials where involvement is for analytical purposes only, or which do not relate to an individual patient	SR
Contraceptive products – fitted, injected or implanted	Ex
Contraceptive products – prescribed or dispensed	ZR
Contraceptive products – over the counter sales	RR
Coroner's work - post mortem/special examinations and reports	SR
Coroners work - where doctor is appointed under Section 19 of the Coroners Act 1998	O/S
Cosmetic Services - purely for cosmetic reasons (subject to European court referral)	SR
Cosmetic Services - undertaken as an element of a health care treatment programme (subject to European court referral)	Ex
Diagnosis of illnesses, the provision of analyses of scans or samples and helping a health professional, hospital or similar institution to make a diagnosis.	Ex
Doctor administered items	Ex
Domiciliary consultations - visits (including abortive ones) to treat patients who are unable to make it to the surgery	Ex
Driving - Seat Belt exemption - where strong clinical reason	Ex
Exercise on prescription scheme reports	Ex
Gender Recognition work	SR
GP work in hospitals - employed basis	O/S
GP work in hospitals - self-employed basis	Ex
Health & Safety Executive - pathology & x-ray exams concerned with preventing injury	Ex

## Nature of Activity VAT

Medical examinations - to ensure someone working offshore does not go to sea with a condition which may deteriorate	Ex
Medical examinations - compensation for vibration white finger, criminal injuries board	SR
Medical examinations/reports to confirm fitness to join registers of medical professions	SR
Minor surgery for non-NHS patients	Ex
National Blood Service	Ex
NHS Dispensed items, including supplies of oxygen	ZR
Pacemaker removal - prior to disposal of body	Ex
Prison Locum work to provide medical care	Ex
Private prescription, including for travel abroad	SR
Rehabilitation Services - to improve the health of the individual	Ex
Road accident emergency treatment	Ex
Smoking cessation products – prescribed or dispensed	ZR
Smoking cessation products – over the counter sales	RR
Sports Medical with report	SR
Vaccinations (Including cost of vaccine) - all types	Ex

### OCCUPATIONAL HEALTH SERVICES

In service health screening	Ex
Post-employment Medical undertaken to determine if person can join pension scheme	SR
Post-employment Medical where principal purpose is to protect the health of the individual	Ex
Pre-employment medicals/report	SR
Private sick note letter	SR
Risk assessments including advice on ergonomic layouts	SR
Training and advice	Ex

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## Nature of Activity

## VAT

OTHER INCOME	
CCG income	#
Trainee Payments	Ex
Trainers Grant	EX
Notional Rent, other general reimbursements	%

OTHER WORK	
Education services - presentations to non-medical audience e.g. on latest medical developments	SR
Education services - presentations where purpose is to protect health of individuals attending	Ex
Education services including training or good health promotion - supplies of private tuition (given through sole trader or partnership status, not through a company)	Ex
Family Planning work, including counselling, contraception, sterilisation and In vitro Fertilisation (IVF) treatment	Ex
Fire Service related work	SR
Forensic Physician work - initial patient care duties	Ex
Forensic Physician work - subsequent statements or reports	SR
Local Authority visiting medical officer	Ex
Local Authority work, including specialist work, school ophthalmic session, dental anaesthetic session & psychiatric examinations	Ex

## Nature of Activity

## VAT

Medical boards/tribunals- attendance at hearings for disciplinary or pension purposes	SR
NHS Complaints & disciplinary procedures	SR
NSPCC related work	Ex
CCG sessions England and Wales	Ex
Pharmaceutical trials - certification as to suitability to take part as a non-patient volunteer	SR
Police station attendance at patient's request to document injuries for future medical claim	SR
Police work - attendance fees for callouts to examine body / witness/ detainee/ victim/ other	Ex
Police work - financial assistance provided for continuing medical education	O/S
Police work - Written reports	SR
Practitioner psychologists providing medical care	Ex
Rehabilitation Services - for the purpose of quantifying the additional costs of disability for compensation claim	SR
Sporting events/pop concerts - attendance by doctor	Ex
Work in Surgery (not elsewhere covered) - e.g. reports on a pro forma - no examination	SR

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