

Budget:

# VAT – March 2023

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The following announcements were made with regards to VAT in the recent budget.

## 1. Healthcare VAT exemption

- a. Currently medical services carried out by staff supervised by a person enrolled on a statutory medical register (e.g. a care assistant) get VAT exemption. Pharmacy staff are however excluded. The exemption is to be widened to include pharmacy staff, the aim being to keep pace with the way NHS operates.
- b. Medicines supplied through Patient Group Directions are to be zero-rated, meaning there will not be a need to see a prescriber/doctor to obtain zero rating for certain medicines – the aim is again to keep pace with the way NHS provides services/operates.

## 2. Interest

If HMRC make a payment/repayment to a taxpayer incorrectly, late interest will now be charged from the date payment is made by them, previously interest was payable 30 days after the date of assessment.

There is also a policy change, in that interest will be charged even where there is no loss to the revenue i.e. the supplier has paid the VAT to HMRC which is fully recoverable.

## 3. DIY Builders scheme

Recovering VAT on self build constructions of properties will now be moving online from paper forms, and the 3 month time limit to make a claim will be extended to 6 months.

## 4. Deposit return scheme

A new drinks scheme for recycled containers is to be introduced in 2025, where a deposit is charged throughout the supply chain, taxable amount rules will be changed, to ensure VAT will only be collected on unredeemed deposits.

## 5. Consultations to be had/continue on:

- a. Extension of VAT relief for certain energy saving materials and extension of these to charities
- b. VAT and fund management services
- c. VAT liability of financial services generally



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