

Agency Vat Statement

Educational establishments are able to treat as non-business, the meals they supply to pupils and students in their schools and colleges. The basis for this is that the catering is closely related to the provision of education. Such supplies can only be regarded as incidental to the provision of education if they are made by the person providing the education. Therefore, the contractor **must** be acting as agent for the principal or all the supplies will be subject to VAT at the standard rate.

As Agents, we would be providing Catering Management Services on your behalf.

The statutory VAT implications would be as follows:

VAT is not charged to the client on wages of the catering staff employed at the unit for as long as the current HMRC concession remains in force.

VAT is charged on any management fee (referred to as Principal VAT).

VAT is charged on any taxable purchases i.e. cleaning, consumables, confectionery and equipment investment (referred to as agency-input VAT).

Supplies of catering from vending machines to pupils and students would be classified as zero-rated where they are situated in areas, which have been formally designated by the education establishment as a catering area.

VAT must be declared to HMRC by the Client on all vatatable classed sales i.e. paid staff/visitors hot meals and where applicable cold takeaway foods (referred to as agency-output VAT). The Client will need to ensure a system is in place that allows the Contractor to identify all sales, including vending, that should be treated as taxable. Where this is not the case then any potential liability will be the responsibility of the Client.

The agency-input VAT may be non-recoverable and therefore become a cost to the Client dependent on the Client's VAT status.

Nelson Williams
Managing Director

(This policy will be reviewed in January 2024)