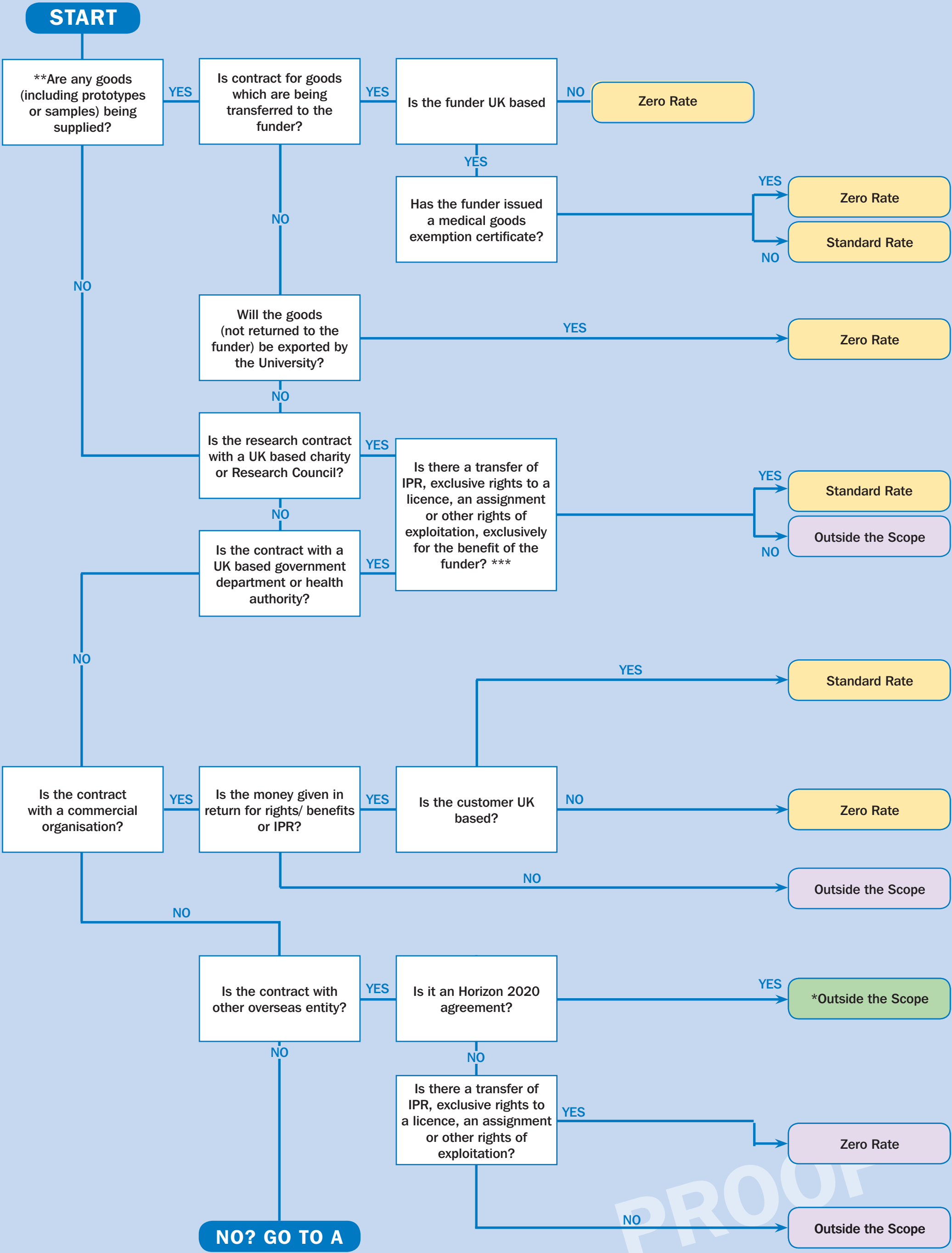
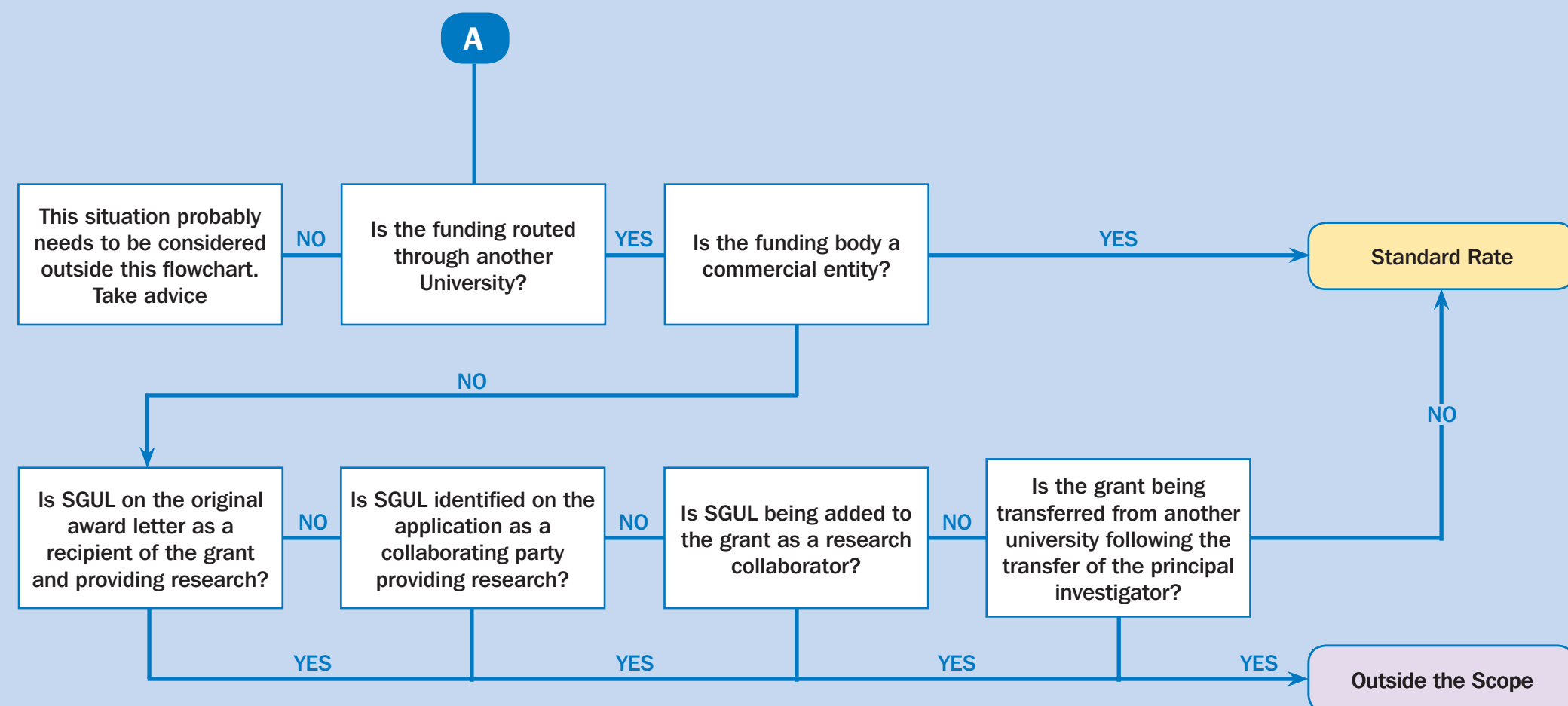


Research Supplied by SGUL - VAT rate





Budgeting for VAT

If contract is **Standard or Zero Rated**, VAT incurred on purchases can be reclaimed and therefore VAT should be ignored for the purposes of calculating the costs which will be incurred. For Standard Rated contracts, add VAT on the total University cost to quote the VAT inclusive price to the funder.

NB the VAT added is passed on to HMRC as output tax and is not income for the University

* If a grant is Horizon 2020 (**Outside the Scope**) VAT incurred on purchases cannot be reclaimed from HMRC. However the EC will fund VAT on purchases under these grants. When calculating the charge to be invoiced to the EC the VAT on purchases should be included

If SGUL receives income which is **Exempt or grant funding which is Outside the Scope**, VAT incurred on purchases cannot be reclaimed from HMRC and therefore any VAT which will be incurred must be included /highlighted as a cost to be absorbed by the funder. When subsequently requesting the funding no VAT will be added on invoicing.

Medical Exemption. If SGUL is providing research which is medical or veterinary research, most equipment and some consumables may be purchased without paying VAT. The Department doing the research is responsible for issuing exemption certificates with purchase orders.

** Where SGUL provides goods and they are specifically supplied to the funder they may be treated as supplies of goods in the UK. If however SGUL is not transferring goods to a funder or required to export the m any goods are likely to be incidental and the contract will be regarded as research services.

***Ordinarily if a grant is received the income will be outside the scope of VAT. This is the case even if under the grant conditions the funder could later share in any IP exploitation benefits, as long as the grant conditions are not commercial and commercial exploitation was not the reason for awarding the grant. It is usual after grant conditions have been put in place, e.g. at the point of award, and subject to those conditions, for the receiving institution and the grant funding body to agree to business terms if IP is to subsequently arise from the grant-funded research. This means grants are not be subject to VAT provided that they are awarded on scientific merit, and not primarily on the understanding that the funder will reap IP exploitation benefits as a result of the grant. However this does not preclude the commercial terms regarding any future IP from being agreed before (or at) the time of the award, but such terms should be agreed separately from the making of the grant.

If funding is received on terms which expressly require SGUL to give the funder IPR or a % rate of profit share in return for the funding then the income will be business income and in principle liable to VAT.