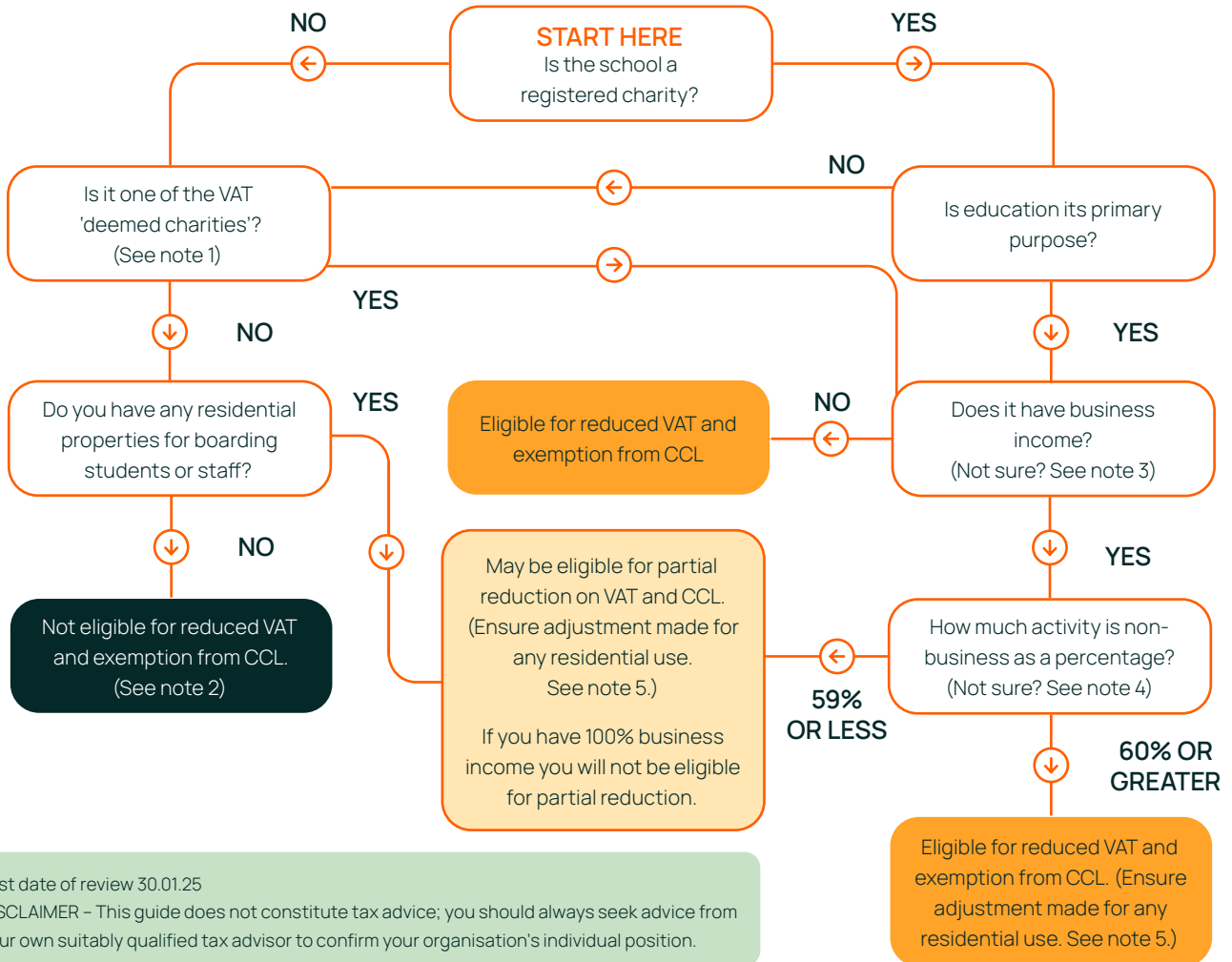


Guide to reduced-rate VAT on energy for schools and exemption from Climate Change Levy (CCL)



Last date of review 30.01.25
 DISCLAIMER – This guide does not constitute tax advice; you should always seek advice from your own suitably qualified tax advisor to confirm your organisation's individual position.

Note 1: What are 'Deemed charities'?
 The following schools are treated as charities for VAT:
 • Foundation schools
 • Voluntary aided schools
 • Voluntary controlled schools
 • NI grant – maintained schools
 • Scottish self-governing schools
 • City technology colleges
 • Academies
 • Free schools
 • Some Universities (defined in CC23)
 Ref - VAT Notice 701/30 para 15.4 and Charities Commission Notice CC23

Note 2: Non-eligible schools
 Examples of non eligible schools include:
 • Community Schools
 • Community Special Schools
 • Many private fee-paying schools
 Ref - VAT Notice 701/30 para 15.4

Note 3: What is 'Business income'?
 Examples of business activities can include:
 • Fees which are paid for an individual student (whoever pays them)
 • Hiring facilities out to non-students
 • Tuition fees for non-students
 • Trading income
 • Events with admission charges
 Examples of non business income can include:
 • Government funding
 • Grant income
 • Residential accommodation for students
 • Tuition charges for music & sport (if under a statutory framework)
 Note: Income still counts as 'business income' even if it is exempt from VAT

Note 4: How to determine non-business income
 Assess how energy is used by the school. This should be split between business and non-business activity. If a building is used for both, split the use in a reasonable way.

Rule of thumb - if the activity is to make money it is likely to be a business activity.
 Retain your supporting calculations – your supplier may ask for these.
 Note: the split is by use, not income
 Ref – HMRC internal manual fuel and power VFUP2520

Note 5: How to determine residential usage percentage
 Assess how energy is used between residential and non residential purposes. Split the use in a reasonable way.
 Residential estate includes accommodation used for boarding students and staff who live on site.
 Ref -VAT Notice 701/19

NB – if you find the amount of VAT and Climate Change Levy you pay changes between bills this is likely to be due to an automatic concessions being applied to your bill, due to your usage being below the Government VAT de minimis as defined in VAT notice 701/19 (s4.2)