

Policy Circular

Document No 08/03

Owner: Strategy & Communications Directorate

Subject: VAT On Care Costs

Version: 2 of 2

Last Amended: 3 June 2010

Date Reviewed: 3 June 2010

Next Review: June 2012

1.0 Background

The Value Added Tax Act 1994 (applicable across the UK) exempts the supply by a state-regulated private welfare institution of care, designed to promote the physical or mental welfare of disabled persons, from VAT. This does not include the supply of accommodation or catering except where it is ancillary to the provision of care.

It is an offence under the Care Standards Act (England & Wales), the Regulation of Care (Scotland) Act 2001 and The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003, to carry on or manage a domiciliary care agency without being registered with the relevant regulatory body.

2.0 Policy

The ILF will not reimburse a user for any VAT charged by a domiciliary care agency in respect of the care they provide, as all UK domiciliary care providers must be registered with the relevant regulatory body and should therefore be exempt from VAT.

Independent Living Fund

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The Independent Living Fund is an Executive Non-Departmental Public Body of the Department for Work and Pensions

2.1 Introduction Agencies

Where a user is being charged VAT by a care agency, we should first establish whether the agency is a provider or an introducer, if the agency is just an introducer VAT will still be charged and the ILF should reimburse this cost accordingly.

3.0 Procedure

Although the ILF does not check that agencies engaged by users are registered, users are advised that care agencies are required by law to be registered with the relevant regulatory body. Should a user choose to engage the services of a non-regulated agency, the ILF will not reimburse any VAT that is charged against any care provided.

Where a user is being charged VAT by an agency, clarification should be sought as to what services VAT is being charged for. If the charge is not in relation to the provision of care, and the ILF have agreed to fund the QSS service against which VAT is being charged, the VAT should also be paid.

4.0 Source

Value Added Tax Act 1994

The Value Added Tax (Health and Welfare) Order 2002

Care Standards Act 2000

Regulation of Care (Scotland) Act 2001

The Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003

5.0 Cross References

Engaging Care Through an Agency

6.0 History Date Reviewed

25 March 2008

3 June 2010

Equality Impact Assessment

Screening Template

This preliminary impact assessment form is to help you screen your policy, project, function or new service. It should help you consider whether a full Equality Impact Assessment is required by looking at whether there is a potential negative or positive impact on any of the equality groups, if there is an opportunity to promote equality, and whether further data is needed.

Title of policy, project, function or service:

VAT on Care Costs

Short description of aims and objectives

To ensure users are reimbursed for VAT they have to pay as a result of engaging care and to flag up and avoid payment of VAT on care costs which is illegal

Thinking about each group below, does (or could) the policy, project, service or function have an impact on members of each equality group? If so, how?

Equality Group	Yes – negatively	Yes – positively	Unclear	No impact
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Transgender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Socio-economic groups	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

What information or research has been considered in judging these impacts?

You should consider a full Equality Impact Assessment (EIA) if:

- (a) you feel one or more equality groups will be negatively impacted by the policy, project or service, or
- (b) there is an opportunity to promote equality and eradicate discrimination.

You may also consider further research if it is unclear, at this stage, what the impact may be.

Based on your findings, is a full EIA required?

Yes

No

Please provide a short summary of your decision-making below:

The policy supports individuals by recompensing VAT that has to be paid. ILF will not reimburse VAT on care as it is illegal to charge VAT against care:

- Care Standards Act (England & Wales)
- Regulation of Care (Scotland) Act
- The Health & Personal Social Services (Quality, Improvement & Regulation)(Northern Ireland) Order 2003

Notes:

- The completed EIA Screening Template should be sent to Jon Duckworth, User Liaison Manager for approval by the Equality Impact Assessment Board (EIAB).
- We will contact you with any comments or queries about the completed form.

**This form was
completed by:**

Joanna Mora
