

April 2009



Tax Helpline: 0800 700 652

Construction Industry Scheme and Foundation Trusts

As you will be aware, NHS bodies are required to operate the Construction Industry Scheme ("CIS") where the amount they spend on construction services exceeds £1million a year, averaged over the previous three years.

There has been a considerable amount of confusion about whether Foundation Trusts are required to operate the scheme and we are aware of various Foundation Trusts receiving conflicting written and verbal advice from HM Revenue & Customs concerning their obligation to operate the scheme.

VAT Liaison has taken this issue up with the new head of the NHS Public Bodies Team and he has confirmed to us that Foundation Trusts are not required to operate the CIS. The reason for this is that when the latest CIS legislation was drawn up NHS trusts were listed as bodies which were required to operate the scheme, but Foundation Trusts were not. Whether this was an oversight or deliberate is not clear.

What action do you need to take now?

If you are a Foundation Trust and do not currently operate the scheme then you need take no action. However, if you do operate the scheme and wish to deregister you should contact your local HMRC office.

Conclusion

If you have any queries on the implications of this ruling or would like us to assist in deregistering you from the scheme, please contact your usual VAT Liaison adviser or call our VAT Helpline on 0800 700 652.



THINK BEFORE YOU PRINT!

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