

April 2009



Tax Helpline: 0800 700 652

Corporation tax for Foundation Trusts

HMRC is still having difficulty in deciding how to implement corporation tax for Foundation Trusts. At the recent HFMA Tax Matters Conference HMRC representatives confirmed the following:

- Corporation tax will be introduced for Foundation Trusts from the financial year starting on 1 April 2010. This means that the first payment of any tax due will be in January 2012;
- Profits which are expected to be liable to corporation tax include those on private healthcare, drug manufacture, laundry and catering services when supplied to businesses and some property rental;
- Activities which are likely to remain outside the scope of corporation tax include research and development, training and education, interest and capital gains;
- Profits from services used mainly by staff, patients and their families, such as catering and parking and some property related income, may be kept outside the scope of corporation tax, but there still seems to be a big debate on this within HMRC;
- HMRC has identified some areas where they have relatively little knowledge or understanding and they are asking NHS bodies involved in such activities to contact them to provide more information. These include clinical trials and contracts with the Ministry of Defence.

HMRC is planning to issue a further consultation around June/July 2009 and it is important that all Foundation Trusts (and those pending) ensure they make their views known.

If you have any queries on the issues covered in this e-mail please contact your usual VAT Liaison advisor or our dedicated NHS Helpline on 0800 700 652.



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