



Partial Exemption Calculation – Can You Flex Your PECs?

Many NHS organisations receive exempt income throughout a financial year, mainly from private patients but also from property rental and some other activities. Those Trusts affected are required to undertake an annual partial exemption review, the result of which is normally a repayment of a proportion of VAT that had previously been recovered in respect of refund direction services/contracted-out services.

There are numerous methods that can be used to calculate the correct amount of repayment/recovery, some of which need to be agreed with HMRC at the start of the financial year. The method used can lead to a wide variation in the amount of VAT which is owed to or is payable by HMRC.

If you are unsure whether your partial exemption method requires approval by HMRC or you wish to see whether your method is the most appropriate and beneficial for your organisation, please contact the VAT Liaison NHS Helpline on 0800 700 652.

VAT refunds for previous, current and future years are possible, depending on your circumstances.