



## **Patient appliances – recovery of VAT**

The rules regarding recovery of VAT on patient appliances can be complicated and following a number of recent queries we can clarify the position as set out below.

### *Not recoverable*

- VAT on the purchase of new appliances (e.g. readymade or bespoke surgical shoes).
- VAT on adaptations made at the time of purchase of a new item.

### *Recoverable*

- Repairs and maintenance of existing patient appliances, e.g. a repair to a shoe.
- Raising a shoe or a heel on a patient's shoe.
- Adapting a shoe to take a leg iron.

Where a single invoice includes charges for a number of separate supplies then each separate supply can be considered for VAT recovery purposes, e.g. if an invoice includes the supply of a new shoe and the repair of an existing shoe, then the VAT on the repair is recoverable.

HMRC has stated in the past that it is not acceptable to split invoices for VAT recovery purposes. However, we have obtained confirmation from them that this only applies when there is a single supply and the various elements are shown separately.

As an example, if you have a contract for the supply of a piece of equipment and the charge includes the supply of the equipment and training staff to use it, you cannot extract the VAT on the training element and recover it.

However, if you have a contract with a supplier of appliances for them to supply goods and services as and when requested, and a number of separate supplies are included on a single invoice for convenience, then it is acceptable to extract the VAT on the supplies which are eligible for recovery.

**Important note:** there is no de minimis limit for recovery of VAT, i.e. you cannot claim VAT in full because the invoice is of a low value. In addition there are no agreed apportionment methods by which you can reclaim VAT on a set percentage of an invoice. As a result, each invoice has to be considered on its own merits, taking the rules outlined above into account.

## **Conclusion**

If you have any concerns about how you have been dealing with VAT on patient appliances please contact your usual Liaison adviser or our dedicated NHS helpline on 0800 700 652.

*Every effort has been made to ensure the accuracy of this information. However, it may not be comprehensive for your particular situation and recipients should not act upon it without first seeking professional advice.*