



## Psychologists' services – most now exempt from VAT

3 August 2009

HM Revenue & Customs has recently confirmed that from 1 July 2009 practitioner psychologists are regulated by the Health Professions Council (HPC). This means that when they provide services which qualify as medical care, such services are exempt from VAT. Previously such services were liable to VAT as psychologists were not regulated by the HPC.

The categories of psychologists covered by these rules are those who practice in the following areas: clinical, counselling, educational, forensic, health, occupational and sport/exercise.

The provision of medical care includes services relating to the protection, maintenance or restoration of the health of the patient. Examples of services which would now qualify for exemption include counselling, working with children with emotional problems, dealing with criminals' behavioural problems and stress management.

It is important to remember that, as with services provided by other health professionals, where the primary purpose of a service is (for example) to assess a patient's mental condition to enable a court to take a decision as to whether a patient is fit to stand trial, this service would still be taxable because the service is not primarily for the benefit of the patient.

If you have any queries regarding these new rules please contact your usual VAT Liaison adviser or our free VAT Helpline on 0800 700 652.