



## BDA Branches, Sections, Divisions and Young Dentist Groups

### VAT guidance

#### Introduction

Branches, Sections, Salaried Groups, Divisions and Young Dentist Groups are part of the legal body that is the British Dental Association (BDA). This means that the BDA is legally responsible for the compliance of regulations on your activities.

The BDA, a VAT registered business, must submit VAT return information to HMRC quarterly. Obtaining information from our extensive local services network is somewhat difficult, as such the Association was previously only required to report on Branch and Group activity.

The introduction of GDPR in May 2018 means the processing of delegate income is now done in-house resulting in certain supplies being subject to VAT. This has also raised the visibility of all local services and as such the Association is now required to improve the financial process when generating income from sponsors and exhibitors. The BDA must submit information regarding its taxable supplies which includes sponsorship and exhibitor income generated at a local level. We are currently discussing the best way to proceed with this and will provide further guidance shortly.

In the meantime, here is some further guidance on the VAT treatment for common supplies made by the BDA's local network.

#### Business vs non-business activity

Generally, a supply of goods/services made in the course or furtherance of business (which is not exempt) is subject to VAT. Deciding whether or not an activity is 'business' for VAT purposes is crucial because the decision determines whether a VAT liability exists. If the supply is considered as business activity, then the appropriate VAT rate must be applied. Some common supplies are shown below with their corresponding VAT rates.

#### Sponsors and exhibitors

Any locally acquired sponsorship or exhibition stand income will normally be making a supply to the sponsor or exhibitor which may have VAT implications. Typically, the supply might include:

- associating an event with, or naming an event after, the sponsor, where to do so gives the sponsor a business benefit, such as promoting their brand
- displaying the sponsor's company logo or trading name
- allowing the exhibitor to have a table top display at the event
- participating in the sponsor's promotional or advertising activities allowing the sponsor to use your name or logo
- giving free or discounted tickets to the sponsoring company

Invoices must be raised to the sponsor or exhibitor and VAT must be applied at the standard rate (20%).

## Education and dinners

### Seminars provided for no charge

If education is being provided for no charge, for VAT purposes this is considered as “non-business activity”. As such, the education provided is outside the scope of VAT

- any closely-related goods or services provided, at or below cost, are outside the scope of VAT
- the sales of other goods or services are taxed in the normal way.

### Seminars provided for a charge

Lectures and seminars should be treated as exempt for VAT under the education exemption. This is on the basis that any profit that might arise from its supplies of education or vocational training is used solely for the continuation or improvement of such supplies.

### Seminars and dinners

Some local areas now implement a pricing structure which gives attendees the option to purchase

- seminar only
- seminar and dinner.

This leads to the question as to whether the supply by the local area is in fact a single or multiple supply. *Is it: one exempt supply or two supplies, one exempt and one taxable at the standard rate?*

Given the dinner can be obtained separately and is not compulsory, from a HMRC perspective the dinner has an aim itself and is not just a means of better enjoying the training. As such, the dinner is a separate supply and must be charged at the standard rate of VAT (20%).

### Dinners only

If a branch makes a charge for a dinner, then that would be a business activity. If the charge is completely nominal, there may be a non-business argument however based on recent VAT cases this may be a time-consuming exercise and one which is not worth the effort. As such, VAT should be applied at the standard rate (20%) unless the dinner meets the VAT fundraising exemption.

## Fundraising events

As a non-profit making membership body, the BDA is seen as a ‘qualifying body’ for the VAT fundraising exemption and can make exempt supplies for fundraising events.

### What kind of events are covered by the exemption?

- An event clearly organised and promoted primarily to raise money for the benefit of the charity or qualifying body.
- Social events which incidentally make a profit don’t fall within the exemption. People attending or participating in the event must be aware of its primary fundraising purpose.
- An ‘event’ is an incident with an outcome or a result. This means that activities of a semi-regular or continuous nature, such as the frequent operation of a shop or bar, cannot therefore, be an event. The relief isn’t intended to exempt normal trading activities from VAT.

### Limits to the number of events held

Eligible events are restricted to 15 events of the same kind in your financial year at any one location by a branch.

If you hold 16 or more events of the same kind at the same location during your financial year (1<sup>st</sup> October – 30<sup>th</sup> September) none of the events will qualify for exemption.

Similar kinds of events held in different locations would qualify for exemption provided all other conditions were met.

### **Events run over several days but at the same location**

Where an event, is repeated on successive evenings each occasion is a separate event and counts towards the maximum number of 15 allowed within the exemption. A single event which takes place at the same location for more than 1 day, such as a golf tournament, is accepted as 1 event.

### **The following don't qualify for exemption:**

- each event which counts towards 16 or more of the same kind held at the same location during your financial year
- events which aren't organised and promoted for fundraising purposes, such as events which form part of a social calendar for members
- events which are organised and promoted primarily for another purpose, such as an annual general meeting
- asking the public for donations through street collections, flag days etc - the receipt of donations are not a business activity and so they are not subject to VAT
- the activity of selling goods is not an event and so is not eligible for relief under these provisions, even where all the proceeds are received by, or donated to, a charity; where the sale of goods takes place in the context of a qualifying fundraising event it is covered by the relief and zero rating may be available in certain circumstances.

### **Evidence to show the event was organised and promoted primarily to raise funds**

There's no single document that you must hold to demonstrate that the event was organised primarily to raise funds. Minutes of meetings, costing and similar documents should show that the main purpose for holding the event is to raise funds for charitable purposes or a qualifying body's own benefit.

The event must be promoted in such a way that those attending the event are aware that its main purpose is to raise funds. Publicity material, tickets etc should therefore clearly refer to fundraising. For example

- fund-raising for
- in aid of
- help us to build
- help us to raise money for

Examples of publicity material, tickets etc, should be retained to support evidence of exemption.

### **What income is included in the exemption?**

All the income for supplies of goods and services in connection with an event is exempt, for example:

- all admission charges
- the sale of commemorative brochures (may be zero rated)
- the sale of advertising space in those brochures (may be zero rated)
- other items sold by the charity such as t-shirts, non-donated auctioned goods etc - where items are normally supplied zero rated such as children's t-shirts, then zero rating rather than exemption can be applied
- sponsorship payments directly connected with a qualifying event

### **Income not included in the exemption**

Commemorative goods and souvenirs sold for a period after the qualifying fundraising event.

Bina Varkey  
Head of Finance, BDA  
August 2019