



A round-up of useful updates

VAT on private school fees

As expected, it was confirmed in the autumn Budget that VAT will be added to private school fees from 1 January 2025.

Tuition, boarding and vocational training services will all be subject to the standard 20% VAT charge, and schools receiving fee payments in advance will need to register for VAT before 1 January 2025.

How VAT affects private school fees for children with special educational needs and disabilities, depends on whether they have a local authority-funded education, health and care plan (EHCP) and what it advises.

Nursery classes provided by private schools that consist wholly, or almost wholly (90% or more), of children under compulsory school age will be exempt from VAT.

In addition, from April 2025, private schools that are charities will also lose charitable business rates relief.

We are already helping schools with the VAT changes, and there is also guidance about registering for VAT on the gov.uk website at <https://tinyurl.com/mr9efj42>

VAT vigilance

We are urging our clients to be vigilant with their VAT accounting due to increasing instances of fraud.

For example, VAT registration and bank account details are often cancelled or changed without a business's knowledge once a criminal has access to them. This can lead to cancelled direct debits and missed payment deadlines and even bogus repayment claims being submitted, so it is crucial businesses stay alert to any changes to VAT-related details.

Impersonation of HMRC is the favoured tactic in many cases of fraud so it is important to always check that email addresses and other contact details stated on correspondence is correct.

At the same time, businesses are currently experiencing significant disruption to their operations due to worsening delays in HMRC processing VAT matters and given HMRC's poor current service standards generally. This is resulting in unnecessary inconvenience and cost.