

CHAPTER 6

SCHEDULE 9 VATA 1994 - EXEMPTIONS

6.1 Introduction

In this chapter we are just going to have a brief look at Schedule 9 - Exemption. **Schedule 9** to the VAT Act of 1994 provides a list of exempt items. Essentially these are **15 groups** and each group is a specific exemption.

[VATA 1994,
Sch 9](#)

Group	1	-	Land
	2	-	Insurance
	3	-	Postal Services
	4	-	Betting, Gaming and Lotteries
	5	-	Finance
	6	-	Education
	7	-	Health and Welfare
	8	-	Burial and Cremation
	9	-	Trade Unions and Professional Bodies
	10	-	Sport, Sports Competitions and Physical Education
	11	-	Works of Art, etc
	12	-	Fund raising events by Charities and other qualifying bodies
	13	-	Cultural Services etc
	14	-	Supplies of goods where input tax cannot be deducted
	15	-	Investment Gold

6.2 Group 1 - Land

The exemption for land will be covered in detail later in the text. For now, we will look in overview at the exemption for land.

Schedule 9 states that any land transaction is exempt **other than** the items actually listed in the legislation as standard-rated items (Schedule 9 item 1 (a) to (n)).

In the list of standard-rated items the most important will be item 1(a) which covers the supply of a **new, freehold commercial building**.

A sale of a new freehold commercial property is standard-rated. "New" is deemed to be under 3 years old (Schedule 9, Group 1, Note 4).

Hotel accommodation, theatre and concert tickets, camping and caravan sites and car park charges are also standard-rated.

6.3 Insurance

VATA 1994 Sch.9 Group 2 exempts the provision of:

- item 1: insurance transactions and reinsurance transactions;
- item 4: the provision by an insurance broker or insurance agent of any of the services of an insurance intermediary in a case in which those services are related to an insurance transaction and the agent or broker is acting in an intermediary capacity.

6.4 Finance

VATA 1994 Sch.9 Group 5 exempts (among other things):

- item 1: the issue, transfer or receipt of, or any dealing with, money, any security for money or any note or order for the payment of money.
- item 2: the making of any advance or the granting of any credit.
- item 3: the provision of the facility of instalment credit finance in a hire-purchase, conditional sale or credit sale agreement for which facility a separate charge is made.
- item 5: the provision of intermediary services in relation to any transaction comprised in item 1, 2, 3, 4 or 6 (whether or not any such transaction is finally concluded) by a person acting in an intermediary capacity.

6.5 Health & Welfare

These include;

- a. the supply of health services by a registered practitioner (doctor, dentist, midwife etc);
- b. the supply of drugs by pharmacists;
- c. the supply of care for the elderly and disabled;
- d. the supply of care for children.

6.6 Other exempt items

Group 3 - postal services. Currently only the postal services provided by the Post Office are exempt. Businesses which charge customers postage must add on this charge before calculating the VAT due on their invoices.

Group 4 - betting, gaming and lotteries.

Group 6 - education. Education, research and vocational training supplied by recognised bodies such as schools, colleges and universities will be exempt from VAT.

Group 8 - burial and cremation.

Group 9 - trade unions and professional bodies. Membership subscriptions to trade unions and other professional bodies are exempt.

Group 10 - sport, sports competitions and physical education. The charge for entering competitions and playing members subscriptions are exempt from VAT for **non-profit making bodies**. Consequently subscriptions of non-playing members of sports clubs, such as social members are subject to VAT at the standard rate.

Group 11 - works of art etc.

Group 12 - fund raising events by charities and other qualifying bodies.

Group 13 - cultural services. Entrance fees to museums, art galleries, art exhibitions and zoos are exempt.

Group 14 - supplies of goods where input tax cannot be recovered. This group prevents double taxation on goods where input tax cannot be recovered, such as the purchase of a car used for both business and private purposes. Any subsequent sale in these circumstances will be exempt.

Group 15 - investment gold.

6.7 A word of warning

It should be appreciated that if a transaction falls specifically within one of the groups listed in Schedule 9, then it will be exempt.

There is however, a lot of detail in these groups within the legislation, and you must read fully the legislation and the notes to the legislation to determine whether or not your particular transaction is actually exempt.

If it does not fall within the zero-rated Schedule 8 or the exempt Schedule 9, then the transaction will normally be standard-rated.