

Public Sector Tax Forum

NEWSLETTER WINTER 2006/2007

The Public Sector Tax Forum was formed in May 2005 by NHS Trust senior managers and directors. Since then it has made an impact on behalf of the NHS, having issues taken up by Ministers, questions being asked in Parliament and receiving invitations to attend meetings with officials and politicians.

Recent successes include liaising directly with HM Treasury, the Department of Health and HM Revenue & Customs regarding future changes to the VAT Directions, being consulted on the medical professionals issue by the Department of Health following questions in Parliament and HM Revenue & Customs changing their minds to allow an independent review of certain VAT decisions.

Forum Development

Membership of the Forum has now nearly reached 100 from a variety of types of Trusts. Meetings are open to all and are held three times a year in different locations around the country. Speakers are being invited to meetings from the Department of Health, HMRC, SHAs and other interested parties.

Through the Forum's website at www.pstf.org all the minutes and other papers presented at Forum meetings are available – some of them in the 'members only' section.

SEE OVERLEAF FOR WHAT THE FORUM HAS BEEN CAMPAIGNING ON

Forum Gains Credibility

The Forum has generated considerable interest through raising important issues of concern to Trusts. It has now been consulted by the Department of Health and also by MPs and Peers.

This demonstrates that the Forum is beginning to be an influential body on finance issues relevant to NHS Trusts.

Joining the Forum

The Forum welcomes all NHS Trust Finance Directors and Assistant Directors as members.

There is no joining fee; all we need is an email to mail@pstf.org stating that you would like to be a member and you will then be notified of all meetings, receive papers, have your views sought on issues as evidence for the Forum when it makes representations and have full access to the website.

www.pstf.org

The key issues taken up by the Forum have been:

Staff Agency Fees - Guidelines published by HMRC in April told Trusts that VAT paid on staff agency fees for medical services, other than nurses, cannot be recovered. After representations on this to the Treasury Minister, on her advice a recommendation was sent to the Department of Health that it seeks universal recovery of medical services fees as part of HMRC's review of the Contracted Out Services direction and this has been included as part of the DoH submission to the Treasury. Questions have also been asked in Parliament and a meeting held with the shadow Paymaster General to try to end the anomaly.

An announcement is expected from HMRC soon.



PSTF met Shadow Paymaster General Mark Francois MP at Westminster.

Appeal Mechanism - No independent appeal mechanism existed for disputed VAT claims. Now appeals are allowed where the claim being disputed relates to business activities but not contracted out activities. The extension of this to contracted out services is now being sought.

University of Glasgow VAT Case - A ruling forced NHS Trusts to pay VAT on charges for the services of clinical academics, which could not be recovered. This is still unresolved but the PSTF has made representations to MPs and Peers who have taken it up with Ministers to try to speed up a decision.

Add your voice. To join the Forum email: mail@pstf.org

Administrative Burden - There is evidence that HMRC is imposing burdens on Trusts through requesting more detailed paperwork. Examples include details of payments made to individuals, such as occupational therapists, and insisting on separate letters of authority for advisers with each VAT claim made instead of its previous practice of accepting a standard agent form. Correspondence is with HMRC in an attempt to lessen the administrative burden.

Dispensing General Practitioners - Advice was needed for dispensing GP practices on recovering VAT after they became responsible for this rather than going through their PCT. A briefing note has been circulated to PCT Directors of Finance.

Corporation Tax - There is a need for clear guidance for Foundation Trusts on dealing with corporation tax. In response to this, a member of the Foundation Trust Team at the DoH attended a meeting to discuss this and answer questions. Discussions with HMRC are ongoing and further guidance is expected soon.

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