

Non medical care services by doctors, etc

The case of *Dr Peter d'Ambrumenil and Dispute Resolution Services* has already been subject three Business Briefs from HMRC in 2003, 2005 and 2006. Customs have now announced that with effect from 1st May 2007, subject to Government approval, changes will be introduced to amend the UK law in order to limit the exemption from VAT for health services to those services which constitute the provision of "medical care". Customs say they will introduce a "purpose test" which will affect the interpretation of the following services:-

- Witness testimony / reports for litigation, compensation or benefit purposes;
- Reports / medicals for the purpose of providing certain fitness certificates;
- Some occupational health services.

These services will become liable to VAT at 17.5% from 1st May 2007. However, Customs indicate the analysis within the Business Brief is not exhaustive and health providers should consider the liability of all of their services in conjunction with Guidance given in a January 2007 updated Notice 701/57 "Health Professionals".

N.B. Business brief 06/07 mentions the VAT registration threshold: one of the two tests is the taxable supplies for the previous 12 months, which may trigger a requirement to register for those that thought the requirement might materialise some time later.