

## UK Biobank's VAT position and the impact on researchers

1. You will notice that, in relation to your Application to use the Resource, when UK Biobank sends out cost estimates and subsequent invoices for access charges, these sums attract VAT at the prevailing rate of 20%. UK Biobank is very conscious that this VAT may not be recoverable by the Applicant Institution. The purpose of this briefing note is to explain the background to this.
2. UK Biobank is set up as a company limited by guarantee – it is also charity – and further it is registered for VAT. In the course of the constructing the Resource UK Biobank spent considerable sums purchasing goods (the cold storage facility for example) and services from third parties. These goods and services attracted VAT: because of its VAT registration, UK Biobank was able to reclaim this VAT. This ability enabled UK Biobank to save a very significant sum of money.
3. UK Biobank was able to reclaim VAT on the basis that it would make future VATable supplies. The VATable supply in question is the license granted to Applicants to use the samples and data in the UK Biobank Resource. This is why the access charges include VAT at the prevailing 20% rate.
4. The summary table below provides an overview of where UK Biobank is (or is not) obliged to charge VAT on its supplies.
  - 4.1 UK Biobank is obliged to charge VAT on its supplies, where there is a supply:
    - 4.1.1 to a UK Applicant;
    - 4.1.2 to an EU Applicant who is not VAT registered.
  - 4.2 UK Biobank is not obliged to charge VAT on its sales, where there is a supply:
    - 4.2.1 to an Applicant outside the EU;
    - 4.2.2 to an EU Applicant who is VAT registered (nevertheless, these Applicants will most likely have to account for VAT through the EU's reverse charge mechanism).
5. In the table, UK Biobank has also sought to give some preliminary guidance as to when VAT may or may not be recoverable by the Applicant. ***Please note that this is for illustrative purposes only and it is not advice that should be relied on by the Applicant in any way. All Applicants need to consult their own VAT experts.***
6. Finally, and to dispel a couple of a common misunderstandings:
  - 6.1 Although research conducted by institutions can in certain circumstances be an activity which is exempt from VAT, UK Biobank's licence to Applicants to use its samples and data does not fall within this definition of research. Accordingly, the supply from UK Biobank to the Applicant is not exempt from VAT.

6.2 The provision of certain goods and services is reduced or zero-rated for VAT (for example pharmacists' prescriptions are zero rated for VAT). However, the licence of UK Biobank's samples and data is not a reduced or zero-rated supply and thus attracts VAT at the prevailing rate of 20%.

Further details about VAT can be found on the HMRC website: <http://www.hmrc.gov.uk>

	VAT Charged	VAT Recoverable
<b>UK Applicants</b>		
1. UK Corporate Body (VAT Registered)	✓	✓
2. UK University / Further Educational Institute	✓	X
3. UK Charity	✓	✓ / X (1)
4. UK Corporate Body (not VAT Registered)	✓	X
5. UK Public Body (i.e. PCT)	✓	✓ (2)
<b>EU Applicants</b>		
1. VAT Registered Entity	X	✓ (3)
2. Non VAT Registered Entity	✓	X (4)
<b>Non EU Applicants</b>		
1. All non-EU Entities	X	X

- (1) Recovery of VAT will be dependent upon the VAT status of the charity. They may have 100%, 0% or partial VAT recovery.
- (2) Local Authorities and certain Public Bodies are afforded special status which entitles them to recover some of the VAT.
- (3) Applicants will likely have to account for local VAT (via the reverse charge mechanism) in their home territory.
- (4) By reason of the reverse charge mechanism VAT is charged even though supplied to a non-UK entity.