GUIDANCE ON PURCHASING INSTRUMENTS FOR PUPILS AND SCHOOLS

Sales by schools – if a school sells musical instruments to its own pupils, no VAT is due if the following conditions are met:-

- the sale is made in class to its own local authority pupils

- the musical instrument is sold at or below the cost to the school

- the musical instrument is closely related to the education being provided as part of the normal school curriculum

- the musical instrument is required to regular classroom use

The musical instrument must be portable and must be taken to school on at least a weekly basis. Portability means items that can easily be carried by hand; items which cannot be sold under this scheme include drum kits, pianos and digital (electronic) pianos which cannot normally be carried easily by hand.

The selling price of a musical instrument should not exceed the cost, of the musical instrument, to the school. Normally, the cost to the school would be the purchase price of the musical instrument from the supplier, less any VAT paid on the purchase which can be reclaimed.

The sale of a musical instrument, for use in connection with statutory education, which meets all of these conditions is a non business activity and outside the scope of VAT.

The sale of a musical instrument, for use in connection with non statutory education, which meets all of these conditions is a business activity and exempt from VAT, if the education being provided is exempt from VAT.

The sale of any other musical instrument is subject to VAT.

To take advantage of this scheme, transactions may be processed through your school fund or LEA budget.

Place the order with your chosen supplier in the normal manner, on receipt of the goods send the invoice certified in the normal way. If using school fund please send your cheque from school fund (payable to Warwickshire County Council) for the value of the purchase but excluding VAT.

The income from the sales to pupils should be paid in and coded to your school budget against a suitable income code.