RESEARCH OPERATIONS
VAT RATE SELECTION FOR GRANT SETUP

START

Are any goods (including prototypes or samples being made)?

Yes

Is ownership of the goods being transferred to the sponsor?

Yes

Is the sponsor UK based?

Yes

Is the sponsor in the EC?

Yes

Has the sponsor issued a medical exemption certificate?

Yes

Standard Rate

No

EZG – Goods to the EC

Zero Rate

No

Zero Rate

No

Zero Rate

Yes

Will the goods (not returned to the sponsor) be exported by the University?

Yes

Zero Rate

No

Is the contract with a UK based charity or Research Council?

Yes

Outside the Scope

No

Is the contract with a UK based government department or health authority?

Yes

Is there a transfer of IPR, exclusive rights to a licence, an assignment or other rights of exploitation, exclusively for the benefit of the grantor?

Yes

EZS - Services to EC

Zero Rate

No

Outside the Scope

No

Is the contract with a commercial organisation?

Yes

Is the money given in return for rights/benefits?

Yes

Is the sponsor UK Based?

Yes

Zero Rate

No

Outside the Scope

No

Is the sponsor EC Based?

Yes

*Outside the Scope

NB Purchases EC7

Zero Rate

No

Outside the Scope

No

Is the contract with the European Commission?

Yes

Is it an EC Framework 7 agreement?

Yes

Zero Rate

No

Outside the Scope

No

Is there a transfer of IPR, exclusive rights to a licence, an assignment or other rights of exploitation?

Yes

Zero Rate

No

Outside the Scope

No

Is the contract from other overseas?

Yes

No

A

No

Yes

No

No

No

No

No

No

No

No
If a grant is **Standard or Zero Rated**, VAT incurred on purchases can be reclaimed and therefore VAT should be ignored for the purposes of calculating the costs which will be incurred on the grant. For Standard Rated grants, add VAT on the total University cost to quote the VAT inclusive price to the sponsor. *NB the VAT added is passed on to HM Revenue and Customs and is not income for the University*

* If a grant is **ECF7 (Outside the Scope)**, VAT incurred on purchases cannot be reclaimed from HMRC. In addition, because the EC won't fund VAT on these grants, when calculating the charge to be invoiced to the EC the VAT on purchases should be ignored.

However, the VAT is still a cost to the University and must be paid for from departmental funds.

If a grant is **Exempt or Outside the Scope**, VAT incurred on purchases cannot be reclaimed and therefore any VAT which will be incurred must be included in the costs for the grant. Total cost to the sponsor will equal the total cost to the University ie no VAT will be added on invoicing.

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**Medical Exemption.** If the research is medical or veterinary research, most equipment and some consumables may be purchased without paying VAT. The Department doing the research is responsible for issuing exemption certificates with purchase orders.

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If in doubt, refer queries to the University VAT & Compliance Manager (E-mail: carolyn.paskins@admin.cam.ac.uk, Tel:32230)