Is the funding routed through another university?

Is the funding body a commercial entity?

Is the U of C on the original award letter as a recipient of the grant and providing research?

Is the U of C identified on the application as a collaborating party providing research?

Is Cambridge University being added to the grant as a research collaborator?

Is the grant being transferred from another university following the transfer of the principal investigator?

Standard Rate

Outside the Scope

Costing Rules

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.

**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.

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