



VAT Guidance

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1.0 VALUE ADDED TAX (VAT) FOR MDDC

1.1 VAT is a complex subject which affects every service within the Council therefore these notes have been compiled to assist you.

1.2 Any area where you are unsure, or where a query falls outside this guidance please contact the Council's VAT Officer within Finance or email VAT@middevon.gov.uk . This should assist in avoiding assessments and penalties imposed by H M Revenue and Customs (HMRC) which would be charged to your budget.

1.3 Section 33 Bodies (Local Authorities, Police & Fire Authorities, and National Park Authorities)

Section 33 of the VAT Act 1994 enables the Council to recover VAT incurred on most expenditure. For the Council to recover VAT on its expenditure it must hold a valid VAT invoice or receipt. It is your responsibility to obtain correct VAT invoices from your suppliers or, where necessary, obtain a full VAT receipt to maximise recovery of VAT. This assists your budget, as your budget will only be charged the net value of the invoice. There is also the possibility of penalties from HMRC if you fail to obtain the correct VAT documentation.

2.0 BASICS OF VAT

2.1 Input Tax - VAT on expenditure is known as input tax. This is initially paid by the Council and then recovered from HMRC. The Council recovers all possible VAT, but can only do so if it holds a valid VAT invoice or receipt.

2.2 Output Tax - VAT on income is known as output tax. It is related to taxable supplies made by the Council. It is collected for HMRC when an invoice is raised or income is received, whichever happens first. This has to be paid to HMRC.

3.0 THE COUNCIL'S VAT REGISTRATION NUMBER

3.1 The Council's VAT registration number is **142 2039 12**. It should be quoted on all invoices and receipts you issue.

3.2 The Council's VAT codes and rates are as follows:

VAT code	Rate	Description
3	20%	Standard Rate
4	5%	Lower Rate
7	0%	Zero Rate
8	0%	Exempt
9	0%	Outside the Scope
1	15%	15 % Rate - not currently in use
2	17.5%	17.5% Rate - not currently in use
D	0%	Domestic Reverse Charge for Construction Services (REVERSE CHARGE)
F	0%	Non UK Purchases

3.3 Standard rate of VAT – As the Council is registered for VAT, VAT must be charged at the standard rate on all goods and services supplied, unless they fall into another category.

3.4 Zero rate of VAT - Some goods and services are zero-rated. This means that they are taxable for VAT, but the VAT rate is currently zero per cent. If you sell zero-rated goods or services, you can generally reclaim VAT on any purchases that relate to those sales.

3.5 Exempt goods and services - There are some goods and services that are exempt from VAT. Exempt goods and services are not taxable for VAT, so if you supply them:

- you don't charge any VAT on them
- you can not normally claim back the VAT on related purchases, unless the partial exemption rules have been met (see more details below on Partial Exemption).

Goods and services that are exempt from VAT include:

- insurance (but there is an Insurance Premium Tax (IPT) that may apply instead)
- some types of education and training
- most leases and room hire although, if the land has an option to tax on it, the VAT liability will change to standard rated.

3.6 Goods and services outside the scope of VAT - Some goods and services aren't covered by the UK VAT system at all - they're outside the scope of VAT. No VAT is charged on goods or services that are outside the scope of VAT. Goods and services outside the scope of VAT include:

- donations to charity freely given by a business where the giver does not receive anything in return
- statutory fees and services, e.g. refuse collection, licenses issued by public authorities, council tax
- tolls for bridges, tunnels and roads operated by public authorities

3.7 You should not charge VAT on services provided to another part of MDDC. VAT classification Outside the Scope (VAT code 9) should be used for those transactions.

4.0 EXPENDITURE - DOCUMENTATION REQUIRED TO CLAIM THE VAT BACK FROM HMRC

4.1 All invoices must be addressed to Mid Devon District Council.

4.2 Invoices

A valid VAT invoice should contain the following information:

- a sequential number based on one or more series, which uniquely identifies the document,
- the time of the supply,
- the date of the issue of the document,
- the name, address and VAT registration number of the supplier,

- the name and address of the person to whom the goods or services are supplied, this must be Mid Devon District Council, for the Council to reclaim the VAT
- a description sufficient to identify the goods or services supplied,
- for each description, the quantity of the goods or the extent of the services, and the
- rate of VAT and the amount payable, excluding VAT, expressed in any currency,
- the gross total amount payable, excluding VAT, expressed in any currency,
- the rate of any cash discount offered,
- the total amount of VAT chargeable, expressed in sterling,
- the unit price.

4.3 Receipts

Receipts of a standard acceptable to HMRC should contain the following details:

- the name, address and VAT registration number of the supplier,
- customer's name (Mid Devon District Council),
- date,
- receipt number,
- amount excluding VAT,
- VAT amount,
- rate of VAT,
- description of the goods or service supplied.

4.4 Supplies with different VAT liabilities i.e. exempt, non-business, zero rated or standard rated must be identified separately on the invoice.

4.5 If the invoice does not meet all of the criteria then it is not valid and VAT is not recoverable. Where this happens the VAT code 9, Outside the Scope should be used and your service will be charged the full value of the supply including the VAT that has been added.

4.6 Less Detailed Tax Invoices (Including Till Receipts)

If you have a document supporting a transaction where the total, including VAT, is less than £250, the detail requirements for recovery of VAT are less stringent. The minimum details required in such instances are as follows:

- the supplier's name and address,
- the supplier's VAT registration number,
- date of supply,
- a description which identifies the goods or services supplied,
- charge made, including VAT;
- the rate of VAT (not imperative on till receipts where it is often the case it does not appear).

However if any of the details are missing you will not be able to recover the VAT.

4.7 For the examples listed below you do not need a tax invoice for supplies of £25 or less (including VAT) to recover VAT. However, you must be sure that the supplier is VAT registered and that any charge to you does include VAT.

- Telephone calls from public or private telephones

- Purchases from coin operated machines
- Car Park charges

5.0 PETTY CASH

5.1 When purchases are made from Petty Cash, VAT invoices/receipts should be obtained where VAT is included in the charge. If it proves impossible to obtain a VAT invoice or receipt for a taxable supply, then the expenditure in total must be treated as outside the scope of VAT and coded to VAT code 9. Your service will be charged the full cost of the supply as VAT will not be recoverable. Tax Invoices/receipts may be of the less detailed type if the supply is less than £250 (including VAT).

6.0 VAT CALCULATION – HOW TO EXTRACT VAT FROM A GROSS FIGURE

6.1 Sometimes you may need to find the VAT that has been included in a price. Below are some examples on how to do this calculation:

Example 1

Gross amount of invoice is £150.00

VAT rate = 20%

Divide the gross value by 120% to give the net value = £125

Subtract the net value £125 from the gross value £150 to give the VAT amount, £25

To prove this, multiply the net amount by the VAT percentage, £125 x 20% = £25

Example 2

If the VAT rate is 20% divide the gross value by 1/6th to find the VAT amount

Gross £150, divide by 6 = £25 VAT

7.0 INCOME

7.1 Income at the Council is collected in many different ways, for example via direct debits, the Mid Devon Payment System, online via our website, by invoice or directly into our bank account. If the income collected is subject to VAT, a VAT invoice or receipt must be issued.

7.2 Invoices

Where you have supplied a service or sold goods and need an invoice raised to collect the income complete a Sales Invoice Template, which can be found on the front page of SharePoint. It is important that invoices are raised as soon as possible and no later than 60 days after the transaction has occurred. You will need to determine the correct VAT treatment of your supply to ensure that the correct VAT is charged to the customer and paid

over to HMRC on the Council's monthly VAT return. If you are unsure of the correct VAT treatment please email VAT@middevon.gov.uk

7.3 VAT Receipts

Generally you will not need to issue a manual VAT receipt as most of the Council's vatable income is collected by invoice or via the Mid Devon Payment System or online via our website and a receipt is issued automatically. However, if your service receives any income which has not been collected in this way, e.g. directly to our bank account, you would need to issue a VAT receipt. If this happens please contact the VAT Officer by emailing VAT@middevon.gov.uk

7.4 New sources of income

Any new sources of income should be discussed with the Council's VAT Officer to ensure the correct VAT liability is determined and advice is sought from our VAT Consultants where necessary.

8 SALES - TAX POINTS

8.1 Sales invoices should be raised wherever possible before the goods or services are provided. Where goods or services are provided in advance Finance should be notified within 7 days by way of an invoice request template. When raising invoices wherever possible your invoices should show not only the date of the invoice but the date of the supply within the details area.

8.2 The Tax Point is the date a transaction takes place for VAT purposes, defined as follows:

- For transactions where no VAT invoice is issued (for example, sales to customers who aren't registered for VAT) – the time of supply is normally the date the supply physically takes place (as defined below)
- For transactions where there is a VAT invoice – the time of supply is normally the date of the invoice, even if it is before or after the date the supply physically took place (as defined below)

If the invoice is raised any later than 60 days of the original supply date the tax point will change and this has implications for the VAT return. If this happens you should notify the Council's VAT Officer VAT@middevon.gov.uk

8.3 For goods, the time when the goods are considered to be supplied for VAT purposes is the date when one of these happens:

- The supplier sends the goods to the customer
- The customer collects the goods from the supplier
- The goods are made available for the customer to use

8.4 For services, the date when the services are considered to be supplied for VAT purposes is the date when the service is carried out and all the work except invoicing is finished.

8.5 For transactions where a VAT invoice is issued and payment is received in advance, the time of supply is the date the payment is received or the date the invoice is issued – whichever is the earlier.

8.6 There can be exceptions to these rules therefore please check with your Accountant should you have any queries.

9.0 SECOND-HAND GOODS

9.1 When you sell obsolete goods they are normally taxable at the standard-rate unless they are zero-rated items, such as books.

9.2 If a VAT registered supplier sells to you but they operate what is known as a Second-hand Scheme no tax invoice will be given to you and the Council's VAT code 9, Outside the Scope should be used. If they do not operate a second-hand scheme the normal VAT rules apply and normally the supply will be taxable. Second-hand Schemes that may affect the Council are in place for purchasing cars and works of art.

10.0 INTERNATIONAL TRADE – any trade of goods or services outside the UK

10.1 Import of goods from outside the UK

Following BREXIT import Duty and VAT is payable when goods come into the UK. There is normally complex paperwork for any imports, which is usually done by a shipping agent who recharge these costs to the customer. If you need to purchase goods from outside the UK please contact the Council's VAT Officer before starting the transaction for guidance.

10.2 Services received from overseas suppliers

When services are purchased from an overseas supplier you should ensure that the supplier is aware that the Council is a VAT registered business by providing them with the Council's VAT registration number, GB 142 2039 12 at the initial contact. This will ensure that they do not charge any overseas equivalent of VAT on the invoice, as it is not possible for the Council to recover this tax. When you receive the invoice as well as doing what you normally do with an invoice you must email a copy of it to VAT@middevon.gov.uk to ensure that it is disclosed on the VAT return for the month in which the purchase has happened. The Council completes a VAT return every month, so it is imperative that this is done immediately. The Council has to treat the purchase as a reverse charge on services and manually add VAT onto the cost of the supply, so it is as if you had purchased it in the UK. On the Council's systems the VAT will need to be coded as VAT code F, Non UK Purchases.

10.3 Export of goods or services

Please contact the Council's VAT Officer if you are planning to export goods or services outside the UK.

11.0 ACCOUNTING FOR VAT ERRORS

11.1 If you discover a potential error or adjustment when accounting for VAT please contact the Council's VAT Officer immediately, who will provide guidance. There are specific guidelines imposed by HMRC on how errors should be corrected and disclosed. If VAT errors go undetected and are picked up by HMRC during an inspection visit this will most likely result in a VAT penalty as well as interest on the amount of the error.

12.0 VAT RECORD MAINTENANCE AND RETENTION REQUIREMENTS

12.1 VAT documents must be kept for a minimum of 6 years plus the current year of accounting.

12.2 It should be remembered that any failure to account for VAT in a timely and prescribed manner may expose **your service** to penalties and interest charges by HMRC.

13.0 BAD DEBT RELIEF

13.1 Relief from VAT is given on bad debts provided the debt has been written off. This enables the Council to claim relief for such a debt, 6 months from the time payment is due on debts, written off from your budget but no later than 4 years and 6 months. VAT must not be recovered before the 6 months has elapsed.

14.0 PARTIAL EXEMPTION RULES

14.1 Bodies covered by Section 33 of the VAT Act 1994 are subject to partial exemption rules. The partial exemption rules allow the Council to recover input tax incurred in making exempt supplies as long as the total of the input tax in making those supplies is less than 5% of the Council's total input tax for the year.

The rules can have a huge effect on capital projects that result in making exempt supplies. The outcome of a partial exemption calculation may mean the difference between being able to reclaim all the VAT incurred on a project, or the Council having to repay all of the input VAT it has recovered across the Council in making exempt supplies, if it is found at year end that it has exceeded its 5% de-minimis limit. For these reasons, if you are planning a capital project for an area that has exempt income or the capital project will result in future exempt income please contact the Council's VAT Officer.

15.0 DOMESTIC REVERSE CHARGE ON CONSTRUCTION SERVICES

15.1 In the UK a domestic reverse charge (DRC) means the customer who get supplies of construction services must account for the VAT due on these supplies on their VAT return rather than the supplier. This removes the scope for fraudsters to steal the VAT on sales (outputs) due to HMRC as they no longer collect the VAT from their customers.

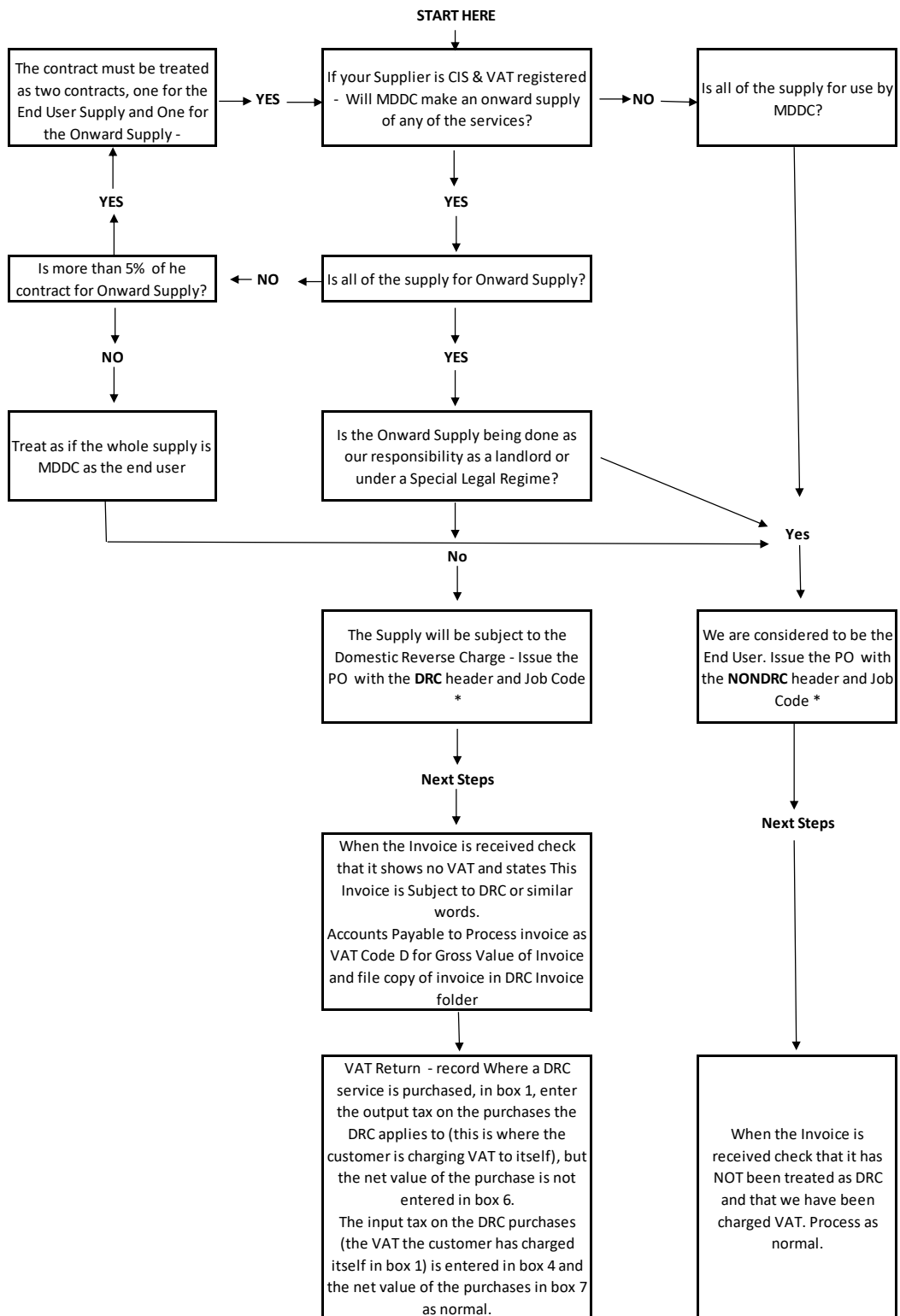
15.2 There are circumstances whereby if you are the end user of the supply the domestic reverse charge does not apply. However the default position is that all construction service supplies are subject to the domestic reserve charge.

15.3 On page 11 is a flowchart which should be used when you are procuring construction services of any kind, this will determine whether your procurement is subject to DRC or not

by determining the end user status of your contract. This must be done before the purchase order is raised as you will need to inform the supplier of your end user status on the purchase order. When you have determined your end user status you can raise the purchase order and select the header and job code as determined by the flow chart. Failure to do this will mean that the supplier will issue a Reverse Charge Invoice as that is the default, which if incorrect could lead to HMRC penalties and interest charges to your service. If after following the flow chart you are unsure of your end user status please email VAT@middevon.gov.uk

15.4 DRC Flowchart

PROCURING CONSTRUCTION SERVICES



*Remember that if your supply changes from DRC to NON DRC or vice versa part way through the PO process you must notify the supplier in writing and let Procurement have a copy of the notification to attach to the original PO on Efin.

16.0 OPTION TO TAX

16.1 Supplies of land and buildings, such as freehold sales, leases or rents, are normally exempt from VAT. As such no VAT is payable. Section 33 body partial exemption rules mean that the Council can recover VAT incurred on expenses relating to exempt supplies as long as it does not exceed the 5% de-minimis limit. When considering undertaking a large capital project involving land and buildings it may be worth considering opting to tax, to enable VAT on expenditure to be reclaimed without exceeding the Council's de-minimis limit. However, once land has been opted to tax all the supplies made with an interest in the land or buildings will normally be standard-rated. This means the Council will normally then be able to recover any VAT incurred in making those supplies.

16.2 An Option to Tax will not apply to the supply of a building, or part of a building, that is designed or adapted and intended for use as a dwelling (such as a house), or as a number of dwellings (such as a block of flats).

16.3 Please contact the Council's VAT Officer if you are considering a capital project and need advice on whether the option to tax should apply.

17.0 SELF BILL ARRANGEMENTS

17.1 Self billing is an arrangement between a supplier and a customer where the customer prepares the supplier's invoice and forwards a copy to the supplier with payment. If you are approached by a supplier asking to set up a set self billing arrangement, please contact the Council's VAT Officer as a self-billing agreement must be agreed and signed by the Corporate Manager of Financial Services and Deputy Section 151 Officer or their nominated Officer. Self billing agreements usually last for 12 months and must be reviewed at least annually. Copies of the agreement must be provided to the Council's VAT Officer VAT@middevon.gov.uk Where there is a self bill arrangement in place, the Council must not issue an invoice.

18.0 VAT LIABILITY OF FOOD ITEMS

18.1 Although the supply of most food and drink of a kind used for human consumption is zero-rated, there are some exemptions, these tend to be luxury food items. Taxable items include but are not limited to:

- Alcoholic drinks
- Bottled water
- Chocolate coated biscuits
- Chocolates
- Confectionery
- Crisps and similar products
- Fruit juices
- Ice cream
- Ice lollies and similar frozen products
- Popcorn and similar savoury products
- Salted and roasted nuts
- Soft drinks (inc. Alcohol Free Beer)
- Sweets

18.2 Other foods will be zero-rated including:

Biscuits without chocolate (including savoury biscuits)
Cakes (including chocolate cakes)
Cocoa
Coffee
Drinking Chocolate
Milk
Pork Scratchings
Tea

18.3 Supplies made in the course of catering are normally standard rated. Examples of supplies in the course of catering include:

- Supplies made in restaurants, cafes, canteens and similar establishments (except supplies of cold take-away food).
- Third party supplies of catering for events and functions, such as parties or conferences.
- A supply of cooking and/or preparation of food provided to a customer at the customer's office, for example a buffet.
- Delivery of cooked ready-to-eat food or meals (with or without crockery or cutlery).

Any supply of food and/or drink as part of a contract for catering is standard-rated.

19.0 ELECTIONS

19.1 District, County and Town or Parish Council Elections

The Council is able to recover VAT on any election it runs on its own behalf, e.g. District election and Neighbourhood Plan Referendums. It is also able to fully recover VAT when it runs an election on behalf of another tier of local government i.e. county council, town or parish council. However the recharge to that authority must be for the net value, and coded as outside the scope of VAT (VAT 9).

19.2 Police and Crime Commissioner Elections and Parliamentary Elections

Where the Council is running an election on behalf the Police and Crime Commissioner or central Government e.g. a Parliamentary Election it is not able to recover any VAT. Such elections are funded VAT-inclusive by the Police and Crime Commissioner or Central Government and all costs should be treated as "PAYGROSS", Outside the Scope of VAT (VAT 9). The recharge to the other authority must be for the Gross value of costs and the VAT treatment Outside the Scope of VAT (VAT 9) applied. When raising any purchase orders for associated costs please select the job code "PAYGROSS" this will ensure that invoices are paid gross of VAT and coded as Outside the Scope of VAT (VAT 9) and no VAT is recovered.

20.0 EXPENDITURE – EXAMPLES OF VAT TREATMENT

Use the list below as a guide to what the VAT treatment should be on your supply. Contact the supplier or the Council's VAT Officer if there are any discrepancies

VAT@middevon.gov.uk

Where the supplier is not VAT registered, a pro-forma Invoices is used or there is no VAT documentation, the expenditure should be coded as VAT code 9, Outside the Scope.

TYPE OF EXPENDITURE	VAT CLASS	CODE	
Advertising	STANDARD	3	
Bank Charges	EXEMPT	8	
Books	ZERO	7	
Building Repairs	STANDARD	3	
Car Parking, Off Street	STANDARD	3	
Cleaning Materials	STANDARD	3	
Computers	STANDARD	3	
Council Tax	OUTSIDE SCOPE	9	
Course / Conference Fees (it depends on the type of business providing the training)	EXEMPT/STANDARD	8/3	
Data Protection Act Registration Renewals	OUTSIDE SCOPE	9	
Diesel	STANDARD	3	
Electrical Goods	STANDARD	3	
Electricity for domestic use & charity non-business use	LOWER	4	
Electricity and fuel for business use, usually	STANDARD	3	
Examination Fees	EXEMPT	8	
Eye Tests	EXEMPT	8	
Fire Extinguishers	STANDARD	3	
First Aid Medical supplies	STANDARD	3	
Food (See Invoices/Till receipts)	ZERO/STANDARD	7/3	also see section 16
Furniture and Fittings (including repairs)	STANDARD	3	
Gifts for staff (VAT is recoverable up to a limit)	STANDARD	3	Notify VAT Officer
Guest House / B&B Accommodation / Hotel Accommodation (be guided by invoice)	STD/EXEMPT/OSCOPE	3/8/9	Can vary depending on length of stay, and VAT registration of business
Hand Tools / Small Plant	STANDARD	3	
Hire of Cars, Taxis and Minibuses (VAT registered <12 seats)	STANDARD	3	
Insurance (Including Insurance Premium Tax)	EXEMPT	8	
Laundry and Linen Hire	STANDARD	3	
Light Bulbs and Fittings	STANDARD	3	
Maps	ZERO	7	
MOT's and Road Fund Licenses	OUTSIDE SCOPE	9	
Newspapers, Periodicals, Magazines and Journals	ZERO	7	
Paint	STANDARD	3	
Paper Towels	STANDARD	3	
Petrol	STANDARD	3	
Photocopying	STANDARD	3	
Postage stamps and Franking Units	EXEMPT	8	
Postage via Cleanmail	STANDARD	3	
Protective Boots and Helmets (BSI Standard)	STANDARD	3	
Rail Travel	ZERO	7	
Rates (Council Tax / NDR)	OUTSIDE SCOPE	9	

Road, Bridge and Tunnel Tolls	OUTSIDE SCOPE	9
Search Fees	OUTSIDE SCOPE	9
Skip Hire	STANDARD	3
Stationery/Equipment	STANDARD	3
Subscriptions (be guided by invoice)	EXEMPT/STANDARD	8/3
Trade Waste	OUTSIDE SCOPE	9
Tuition Fees (be guided by invoice)	EXEMPT/STANDARD	8/3
TV Licences	OUTSIDE SCOPE	9
Uniforms, Overalls and Protective Clothing	STANDARD	3
Water Rates (including metered supplies)	ZERO	7
Wayleaves/Easements	EXEMPT	8 Unless opted to tax

21.0 INCOME – EXAMPLES OF VAT TREATMENT

This list contains a few of the most common service income streams. Should you have any queries or be unsure of VAT treatment of any item please contact the Council's VAT Officer as the specific conditions of a situation can bring different VAT treatments.

	VAT CLASS	CODE
21.1 CAR PARKING		
On Street Car Parking	OUTSIDE SCOPE	9
Off Street Car Parking	STANDARD	3
Car park fines	OUTSIDE SCOPE	9
21.2 CEMETRIES		
Exclusive right of burial	EXEMPT	8
Right to erect a Memorial	EXEMPT	8
Internment of ashes/coffin	OUTSIDE SCOPE	9
Use of chapel when followed by internment	OUTSIDE SCOPE	9
21.3 HEALTH & COMMUNITY		
Food hygiene certificate courses	EXEMPT	8
Licenses for temporary events	OUTSIDE SCOPE	9
Water Quality Monitoring	OUTSIDE SCOPE	9
Air Pollution Fees	OUTSIDE SCOPE	9
Hackney Carriage & private hire Licence	OUTSIDE SCOPE	9
Premises Licence Fee	OUTSIDE SCOPE	9
Removal of abandoned vehicles parked off street	STANDARD	3
Pest Control	STANDARD	3
Tree Cutting under Statutory Powers	OUTSIDE SCOPE	9
Tree Cutting on request from land owner	STANDARD	3
21.4 HOUSING (HRA)		

Damage cost charged to tenant in residence	STANDARD	3
Damage cost charged to tenant who has vacated	OUTSIDE SCOPE	9
Recovery of B&B costs	OUTSIDE SCOPE	9
Service Charges for Communal areas (HRA lease holders)	OUTSIDE SCOPE	9
Council House rent	OUTSIDE SCOPE	9
Garage rent to tenant in proximity to rented property	OUTSIDE SCOPE	9
Garage rent where the above conditions are not met	STANDARD	3
Council House Sale (right to buy)	OUTSIDE SCOPE	9

21.5 LAND & PROPERTY

Industrial building rent (unless for storage)	EXEMPT (STANDARD)	8 (3)	
Ground rent on leases (unless opted to tax)	EXEMPT	8	
Sale of land) REFER TO THE
Room Hire where building isn't opted to tax	EXEMPT	8) COUNCIL'S
Room hire where opted to tax	STANDARD	3) VAT OFFICER
Letting of Market pitches on Street	OUTSIDE SCOPE	9	
Letting of Market pitches off Street	EXEMPT	8	

21.6 LEISURE

Zest Membership	OUTSIDE SCOPE	9
Direct Debit Membership	OUTSIDE SCOPE	9
Admissions to fitness suite	OUTSIDE SCOPE	9
Induction and Assessments	OUTSIDE SCOPE	9
Admission to swimming pool	OUTSIDE SCOPE	9
Swimming lessons with MDDC instructor or supervised sessions including swimming membership	OUTSIDE SCOPE	9
Holiday activities unsupervised	OUTSIDE SCOPE	9
Holiday activities supervised – Funsters	OUTSIDE SCOPE	9
Pool Parties	STANDARD	3
Coaching fees and Leisure educational courses	OUTSIDE SCOPE	9
Room Hire at EVLC	STANDARD	3
Room Hire at CVSC & LMLC	EXEMPT	8
Artificial pitch hire	OUTSIDE SCOPE	9
Block booking LMLC, CVSC & EVLC Artificial pitch, sports hall, pool etc	OUTSIDE SCOPE	9
Hire of Dance Studio	OUTSIDE SCOPE	9
Admin fee on facility hire	WILL FOLLOW THE MAIN SUPPLY	
Sauna	STANDARD	3
Squash	OUTSIDE SCOPE	9
Tennis	OUTSIDE SCOPE	9

Crèche	STANDARD	3
Equipment hire	OUTSIDE SCOPE	9
Sale of Caddy Liners	STANDARD	3

21.7 PLANNING

Building Control Application Fees	STANDARD	3
Building Control Regularisation Applications	OUTSIDE SCOPE	9
Development Control Application Fees	OUTSIDE SCOPE	9
Planning Pre-Application Advice	STANDARD	3
Validation of applications 'Fast Track'	STANDARD	3
Validation of applications that are incorrect second time around	OUTSIDE SCOPE	9
Validation of retrospective applications	OUTSIDE SCOPE	9
Retrievals of microfiche records (history search where application reference number not provided.)	STANDARD	3
Section 106 contributions	OUTSIDE SCOPE	9
Section 106 compliance check	OUTSIDE SCOPE	9
Discharge of conditions	OUTSIDE SCOPE	9
Photocopying of documents	STANDARD	3
Local Land Charge Fees	OUTSIDE SCOPE	9
Local Land Charge CON 29 Fees	STANDARD	3

21.8 WASTE

Garden Waste Collection	OUTSIDE SCOPE	9
Sale of caddy liners	STANDARD	3
Wheelie Bin Hire	STANDARD	3
Trade Waste	OUTSIDE SCOPE	9
Bulky Waste Collection	OUTSIDE SCOPE	9
Sale of Recycled Materials	STANDARD	3
Sale of compost bins	STANDARD	3

21.9 MISCELLANEOUS

Advertising in MDDC Publications	STANDARD	3
Hire of space on a notice board	STANDARD	3
Donations with benefit to donor	STANDARD	3
Donations with no benefit to donor	OUTSIDE SCOPE	9
Equipment Hire	STANDARD	3
Photocopying	STANDARD	3
Private Telephone Calls	STANDARD	3
Sale of Publications	ZERO	7
Work or staff time recharged to other Authorities or agencies	STANDARD	3
Commercial Vehicle Sales	STANDARD	3

22.0 PURCHASING CARDS

22.1 Advanced Cardholder Guide for MDDC employees



**Advanced Cardholder Guide for Mid
Devon District Council employees
Name :**

Natwest Onecard

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What is a Purchasing card?

NatWest's 'Onecard' is an alternative method to your current buying process of paying for low value, high volume goods or services. By simplifying transaction processing it assists purchasing efficiency and will save your organisation time and money.

The Purchasing card looks like any normal debit/credit card, but is a charge card, which means your total balance on your monthly statement must be settled in full.

Any establishment displaying the MasterCard symbol, in the UK and globally, will accept your Purchasing card.

Embossed on the card is the following:

- ✓ Your Organisation's Name
- ✓ Your Name and Cost Centre (where applicable)
- ✓ Expiry Date
- ✓ Card Number

Your Purchasing card offers the opportunity to improve both the focus and flexibility of purchasing procedures whilst reducing the volume of purchase orders, invoices and associated paperwork for small value purchases, improving the cost effectiveness of processing these types of transactions.

This is done without compromising the control of Mid Devon District Council money and at the same time, delivers high quality management information provided by National Westminster Bank Plc

Your card is to be used for Commercial expenditure only.

Controls

Each card has a maximum monthly expenditure limit and individual transaction limit.

Monthly Expenditure limit

The total amount you can spend on your card each month.

Transaction Limit

The total amount you can spend on any single purchase.

Both of these limits are inclusive of VAT and any carriage charges and are set by your Programme Manager, who has worked with Accounts Payable/Finance/ Building Managers and has based them upon your current spend.

Your limits are printed on the back of your Terms & Conditions of use document.

Merchant Category Group code blocking

A further control can be applied to your Purchasing card.

Each supplier capable of accepting your MasterCard Purchasing card will be classified by a certain Merchant Category Group code (of which there are 34). By the way of an additional control, any number of these codes can be blocked or left unblocked to ensure compliance with organisational policies and to mirror each cardholder's buying profile.

Details of your allowed merchant categories printed on the back of your Terms & Conditions of use document.

Please make a note of these limits/controls.

If you try to purchase goods and services that are outside of these limits, your transaction will be declined and could lead to embarrassment.

As detailed above, if you try to use your card with a supplier whose Merchant Category Group code has been blocked on your Purchasing card, this will also lead to your card being declined.

If this occurs, please contact your Programme Manager to discuss how your card can be updated to reflect your requirements.

The information contained in this document sets out the operating procedures for your Purchasing card.

It is important that you are familiar with and understand the contents of this document, as you are required to sign an acknowledgement form to this effect.

This confirms you have received your card and will be kept on file by your Programme Manager. If there are any areas which you do not understand or require clarification, please do not hesitate to contact the Procurement Department, via telephone 01884 234249 or email procurementoffice@middevon.gov.uk.

Why am I receiving a Purchasing card?

The contract for Procurement Cards supports aim 3 of the Procurement strategy to "maximise our procurement effectiveness and efficiencies" through increased transaction management and eProcurement.

The use of NatWest's 'Onecard' will deliver the following benefits in support of this aim:

Organisation

- ✓ Comprehensive Management Information
- ✓ Can identify key spend/suppliers
- ✓ Streamlined Purchasing process
- ✓ Empowers staff
- ✓ Settlement with one monthly payment

Cardholder

- ✓ Reduces administration
- ✓ No need to carry cash/ obtain a call off ticket
- ✓ You know through the purchase of goods process who, when, what you have ordered and more importantly when your goods will arrive
- ✓ Direct contact with your suppliers

Suppliers

- ✓ Paid within three to four working days
- ✓ Improves cash flow
- ✓ Reduces bad debt/late payments

When do I use my Purchasing card?

Your Purchasing card can be used to purchase items:

- ✓ Over the counter, face-to-face – just as you would use a personal debit or credit card

How can I make a purchase using my Purchasing card?

Step 1

Check that your supplier is able to accept MasterCard

If you use a supplier regularly and they are not able to accept payment by MasterCard, it may be worth asking the supplier if they would be willing to accept future payments by this method.

If the supplier is interested in card payments, please ask them to contact your Programme Manager, who will provide advice as to how this can be achieved.

Step 2

Check that the total value of the purchase is within your Transaction Limit.

If the value is outside your limit then contact your Programme Manager to discuss how your card can be updated to reflect your requirements.
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Step 3

It is very important that you understand how VAT and Purchasing cards work when you contact a supplier to place an order.

Please familiarise yourself with the section of this document regarding VAT.

This will make it clear as to what evidence you will need to receive from suppliers.

Step 4

Having identified that the supplier can accept MasterCard, and is within your Transaction and Monthly Expenditure limits and Merchant Category restrictions (if any), you can buy the goods and services.

Order your goods/services quoting your Purchasing card number, relevant job number and expiry date.

Confirm the total amount of the transaction with the supplier.

Step 5

Once you receive your goods/services, check that you have received what you ordered and then tick your transaction log to confirm receipt, and retain the Goods Received Note (GRN).

In addition to the GRN, if your supplier was VAT capable, you should have received a priced delivery note "Paid by Purchasing Card"; if the supplier was not able to capture VAT, then you will receive a standard VAT invoice.

Since the 1st July 1998, HM Revenue & Customs (HMRC) have been accepting National Westminster VAT reports as evidence for VAT reclaim.

There are two levels of electronic VAT data reporting. These differ in the amount of detail captured by your supplier at the point of sale – these are known as Summary VAT and Line Item Detail.

In the case of Summary VAT, the VAT data electronically transmitted is sufficient legal evidence for all transactions up to the value of £5,000 (including VAT); there is no cap applied to VAT data supplied by Line Item Detail capable merchants.

Retain the transaction log and relevant VAT paperwork in the folder provided.

Step 6

On the 30th of every month you will receive a statement from NatWest addressed to you at your business address.

Upon receipt of your monthly statement, check that the details of each transaction correspond with all of your transactions for that month.

If there is an item that does not appear on your monthly statement, this can happen when transactions are made close to the date that your statement is produced.

It is your responsibility to ensure that the details on each monthly statement are correct and that any discrepancies are rectified with the relevant supplier.

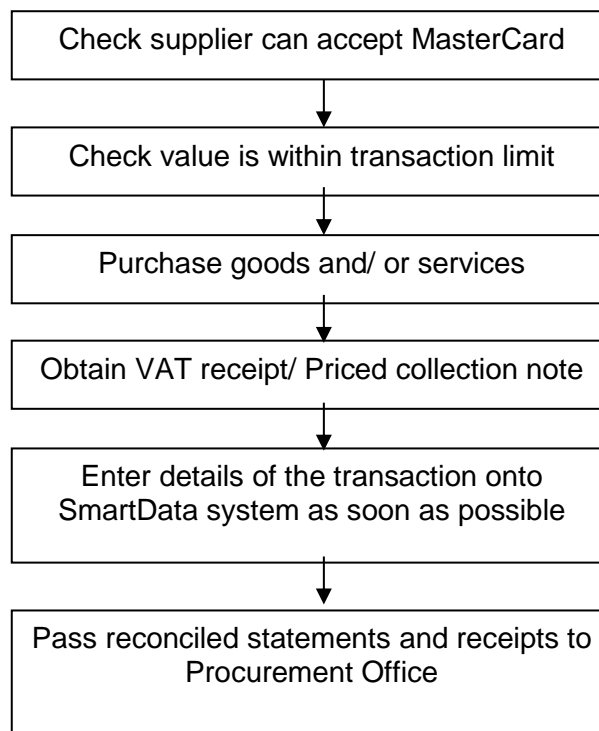
Step 7

Enter all of the required information onto the Smartdata system. This is similar to eSolutions and full training will be given.

Step 8

When you have reconciled your monthly statement attach all relevant VAT invoices monthly statement and send to the Procurement Office.

Diagram of the purchasing process



How do I deal with Supply of Goods issues?

If there is a problem with the quality of goods/services supplied, you must contact your supplier immediately to request a refund.

If the supplier agrees to issue a refund, you must update your Transaction Log with the credit and ensure receipt of a VAT credit note. You should also ensure that the credit appears on a subsequent statement.

If agreement cannot be reached with the supplier, you must contact the Procurement office via email - Procurementoffice@middevon.gov.uk or telephone 01884 234349 giving full details of the dispute so that a refund can be pursued via NatWest.

Reconciliation of your Purchasing card

Your Responsibilities

All purchases made with your Purchasing card should be recorded on your Transaction Log, copies of the log can be obtained from your Department Pcard Administrator or the Procurement Office.

On the 30th of every month, you will receive your monthly statement. This will detail the transactions you made with your card from the 28th of one month to the 27th of the following.

The information contained on your Transaction log must match the transactions on your statement.

It is possible that due to timing differences, some purchases made between the 26th and the 28th may not appear until the following month's statement. If this is the case, as detailed previously, simply delete the entries on the transaction log and re-enter them on the following month's log.

It is your responsibility as a cardholder to ensure that all details on each monthly statement are correct and that any discrepancies are rectified with the supplier.

If you do not recognise or are unsure of any transactions, please contact your Programme Manager immediately.

What happens if I am absent from work?

If you are absent from work, or know that you will be absent when your statement is due to be reconciled, contact and advise your Department Pcard Administrator.

Your Transaction Log must still be processed during the absence period to ensure payment is not delayed and interest is not accrued.

VAT

How does VAT work with Purchasing cards?

MDDC is able to recover VAT on all our expenditure.

In order for MDDC to claim back the VAT, we are required to obtain and retain a valid VAT receipt for every transaction.

If we fail to obtain the receipt, we cannot claim the VAT, meaning the product costs us more.

If we claim back VAT without a valid receipt we will have to return the over claim and may be subject to fines.

A VAT receipt must contain the following information to substantiate your organisation's VAT claim:

- ✓ Name, address and VAT number of the supplier
- ✓ Time of the supply
- ✓ A description that identifies the goods or services
- ✓ The VAT rate charged and a breakdown of the VAT charge in sterling

General Purchasing card Administration

Your Programme Manager

Your Programme Manager is the Procurement Office

They can be contacted via telephone: 01884 234249 or email: procurementoffice@middevon.gov.uk.

They will maintain a register of all cardholders and their locations, together with relevant Transaction Limits, Monthly Expenditure limits, Merchant Category Group code blocking details and department/cost centre references.

The Programme Manager will liaise on all matters relating to the above with National Westminster Bank Plc Commercial.

Copy Statements

If you require a duplicate copy of your monthly statement, contact your Programme Manager who will then liaise with NatWest on your behalf.

NB: There is a cost for copy statements.

Security

Upon receiving your Purchasing card, you must immediately sign it.

It is your responsibility as a cardholder to ensure that your card is kept in a secure place.

If the office has a safe, we recommend that your Purchasing card be kept there until required.

Your Purchasing card MUST only be used to purchase goods and services on behalf of the organisation and only used by you, the named cardholder.

Your Purchasing card must not be used by anyone else in your absence.

Any misuse of your Purchasing card will be treated as gross misconduct and subject to normal disciplinary procedures.

Password

Details of your Password is printed on the back of your Terms & Conditions of use document This password is used when the cardholder is going to call cards service and can be changed to a personal one upon first contact with the call centre.

Lost/Stolen cards

As the cardholder, you are responsible for ensuring that your card is kept secure at all times.

If you have lost your Purchasing card or had it stolen, you must contact NatWest immediately on the following number:

Bank Contact Details

*To notify a lost or stolen card or suspected misuse
(24 hours) 0370 6000 459 (or +44 1268 500813 from outside the UK)
Minicom: 0370 154 1192
NatWest Card Loss Centre,
PO Box 5747, Southend-on-Sea SS1 9AJ*

After contacting National Westminster Bank Plc, you must inform your Programme Manager immediately who will liaise with NatWest.

If it is the weekend, please advise them on the next working day.

If your Purchasing card has been lost and is then subsequently found after you have notified National Westminster Bank Plc and your Programme Manager, it must not be used.

You should cut your Purchasing card in half and sent it immediately to your Programme Manager, as a new card will already be on its way to you.

Fraudulent Transactions

The same procedures as outlined in the above lost/stolen section must be followed:

If you have lost your Purchasing card or had it stolen, you must contact NatWest immediately on the following number:

Bank Contact Details

*To notify a lost or stolen card or suspected misuse
(24 hours) 0370 6000 459 (or +44 1268 500813 from outside the UK)
Minicom: 0370 154 1192
NatWest Card Loss Centre,*

PO Box 5747, Southend-on-Sea SS1 9AJ

After informing your Programme Manager, they MUST contact International SOS who deal with the Corporate Waiver Insurance and ask for a claim form on the following telephone number: 020 8762 8014

To help prevent card fraud we recommend the following advice to our cardholders:

- ✓ Never leave your Purchasing card unattended – for example, in a car or your office where thieves can easily find it
- ✓ Try not to let your Purchasing card out of your sight when paying for goods and services and ensure that your card is returned to you
- ✓ Never discard transaction slips that display the card number - always tear them up when you have completed the reconciliation process
- ✓ Never write down your Purchasing card number
- ✓ Check your monthly card statement as soon as it arrives and query unknown purchases immediately
- ✓ If you suspect your card has been stolen or lost, always report it
- ✓ We recommend programming National Westminster Bank Plc's lost and stolen number into your mobile - 0370 6000 459
- ✓ Your CV2 number of the reverse of your card (3 digit security code proves you have the physical card) should only ever be quoted to a merchant/supplier. NatWest/MasterCard would never ask for this number if you are in any doubt always check before giving out any personal information out.

Damaged Cards

If you have lost your Purchasing card or had it stolen, you must contact NatWest immediately on the following number:

Bank Contact Details

*To notify a lost or stolen card or suspected misuse
(24 hours) 0370 6000 459 (or +44 1268 500813 from outside the UK)
Minicom: 0370 154 1192
NatWest Card Loss Centre,
PO Box 5747, Southend-on-Sea SS1 9AJ*

A new card will be issued immediately.

Replacement Cards

A new Purchasing card will be re-issued automatically a few weeks before the expiry date of your current card.

Once your new card becomes valid, your old one must be cut in two and destroyed.

If you have lost your Purchasing card or had it stolen, you must contact NatWest immediately on the following number:

Bank Contact Details

*To notify a lost or stolen card or suspected misuse
(24 hours) 0370 6000 459 (or +44 1268 500813 from outside the UK)
Minicom: 0370 154 1192
NatWest Card Loss Centre,
PO Box 5747, Southend-on-Sea SS1 9AJ*

Disputed/Queried Transactions

If your monthly statement shows a transaction that you know you did not make, you should contact the named supplier direct. Where a credit is due the supplier should be asked to raise a refund voucher, this will then be processed back onto your account, and will appear on your next month's statement.

If you cannot resolve your query with the supplier, then you should contact and give full details of the problem to

National Westminster Bank Plc

General enquiries:

Phone: 0370 010 1152 (Mon to Fri: 8.00am to 6.00pm,
Saturdays: 9.00am to 1.00pm) +44 1268 508019 (from abroad)
0370 154 1192 (minicom)

Or Write to: NatWest, Commercial Cards,
Cards Customer Services, PO Box 5747,
Southend-on-Sea SS1 9AJ

Change of Situation

Change of details

If there are any changes in your details – for example you move to different role, department, location or change your name - you must contact your Programme Manager immediately.

They will liaise with National Westminster Bank Plc to effect the necessary changes.

Leaving

If you are going to leave the organisation, it is your responsibility to contact your Programme Manager and inform them that you have given notice and return your Purchasing card to them immediately upon notice of resignation.

Your transaction log should be completed up to date and passed to your line manager for authorisation.

They will then arrange for your card to be cancelled.

Useful Contacts

Internal

Procurement Manager
Procurement Department
Email: procurementoffice@middevon.gov.uk
Tel: 01884 234249

Bank Contact Details

To notify a lost or stolen card or suspected misuse

Phone: 0370 6000 459
(24 hours) Or from abroad: +44 1268 500 813
Minicom: 0370 154 1192
NatWest, Card Loss Centre,
PO Box 5747, Southend-on-Sea SS1 9AJ

General enquiries: To request a new PIN or change your Password

Phone: 0370 010 1152
(Mon to Fri: 8.00am to 6.00pm,
Saturdays: 9.00am to 1.00pm)

