

Item 3.7d

Guidance Amendment to VATGPB.

Area	Public Bodies- Local Authorities
Subject	Regulatory Services to Businesses specifically Primary Authority Partnerships and National Food Rating Hygiene Scheme Inspections
Reason for new guidance	
A decision on the NFRHS was given in March 2017 The decision on the Primary Authority Partnership was given in 2010 Both are based on the principle of legal responsibilities.	
New page location: VATGP 8747	
The list will be VATGPB8745 Housing Market Renewal VATGPB8747 Inspections – food , safety etc VATGPB8750 library services	

DRAFT dated 23 June 2017

Inspections by local authorities food, safety etc

Regulatory services to businesses by local authorities- food safety etc.

Most enforcement work, for example ensuring compliance with food hygiene regulations, is not regarded as a business activity for VAT purposes. The activities are regulatory in nature and are governed by a special legal regime. This includes giving advice on compliance with food safety and hygiene requirements. Such activities are therefore outside the scope of VAT.

While they are not exhaustive, we have listed below some examples of these activities and their VAT treatment.

Food Hygiene Schemes

The normal food hygiene inspections, which are legislated for in the *Food Safety Act 1990*, are outside the scope of VAT. In addition to these inspections, two further schemes have been introduced:

Food Hygiene Information Scheme (Scotland)
National Food Rating Hygiene Scheme (rest of the UK)

The intention of these schemes is to improve hygiene standards in the UK. To do this a “competent authority” is made responsible for inspecting premises and awarding a star rating or a pass mark. This is then displayed at the location, normally on a window or door.

This work is a non-business activity by the competent authority as it is a part of the authority’s duty to ensure that food sold from catering outlets is prepared in hygienic conditions. Only local authorities are appointed as competent authorities so it is not possible for distortion of competition to arise.

In 2011 the Localism Act allowed competent authorities to charge for re-visits under the scheme. The income from these re-visits is not consideration for any supplies by the competent authority and it is therefore outside the scope of VAT. The local authority is legally obliged to re-visit if a valid request is made but the visit can only be completed by the competent authority who completed the first visit.

Primary Authority Partnerships

The Primary Authority Scheme was created under the Regulatory Enforcement and Sanctions Act 2008. It allows a businesses to enter into a statutory regulation/compliance relationship with a single local authority that provides advice and guidance on regulatory compliance issues. It is particularly useful for businesses with premises in different parts of the country as it allows them to adopt a common approach to compliance across their whole chain. Their main relationship on these matters will be with the Primary Authority. If other authorities undertake inspections they must adhere to the guidelines set by the Primary Authority. Only local authorities are allowed to become Primary Authorities and issue advice that is underpinned by the Regulatory Enforcement and Sanctions Act, which must be respected by all other local authorities

Charges made under the provisions of the Regulatory Enforcement and Sanctions Act 2008 are “non-business” and will not attract VAT.

Marie Campbell
Supply Team
VAT Policy