

**CIPFA VAT Committee
Notification of Technical Query to HMRC**

Subject	Funeral Celebrants
Author(s)	Karen Regan

Type of authority affected
County Councils and Unitary Councils
Description of the issue
<p>As an alternative to a religious funeral, local authorities can provide celebrants for funerals who meet with the bereaved, then write a eulogy, agree the contents with the bereaved, and deliver the eulogy in the crematorium or elsewhere instead of a vicar.</p> <p>The funeral director collects the local authority fee as a disbursement rather than an invoice being sent by the local authority to the customer. It is not a statutory service and there are independent funeral celebrants operating in the marketplace, for example; Humanists UK.</p> <p>There is an inconsistency in the VAT treatment of these fees with some local authority treating the fee as VAT exempt and others as standard rate VAT.</p>
Impact and extent of the issue
National
Government department sponsoring the initiative, if any
N/A
Funding
The charges are part of the overall funeral costs and collected by the funeral director and passed on to the Registrar as a disbursement. Fees can be set by the Registrar as these are not statutory charges and are set at around £200 per funeral.
Legal powers used or relied upon
N/A
Current VAT treatment
Exempt or standard rate.
References in HMRC publications, including websites if any
<p>No specific references found for funeral celebrants in VAT Notice 701/32.</p> <p>Schedule 9, Group 8, items 1 and 2 provide exemption for both the:</p> <ul style="list-style-type: none"> • disposal of the remains of the dead • making of arrangements for or in connection with the disposal of the remains of the dead

On Tisonline, the Local Authorities and Similar Bodies VAT Manual lists "Civil Funerals" as exempt from VAT under - see Regulatory Functions and Enforcement section, Registrar's Services.

Tax analysis

Include reason for change and alternative liability proposed

Although the CIPFA VAT Manual advises that civil funerals are VAT exempt, there is a note to the effect that the VAT liability of Registrar's Services was agreed at:

the Local Authority National VAT Consultative Group meeting of 9 May 2017 to be a good example of the range of services provided by registrars and their VAT liability. This list, as an example from a local authority, is not intended to be exhaustive or to constitute official best practice from CIPFA.

Does HMRC agree that Schedule 9, Group 8 allows for funeral celebrant fees to be treated as treated as VAT exempt?

If the answer is no, then would HMRC agree that no retrospective action need be taken by a local authority acting in good faith in following the CIPFA guidance?

References in tax legislation supporting change

N/A

Other supporting evidence

None

Date

11 February 2019