

## WBL & Colleges VAT Survey Frequency Asked Questions

### Why do we have to notify Pearson about our VAT status?

HM Revenue & Customs rules require Pearson UK to charge and account for VAT on its sales of qualifications unless it has evidence from its customers that they have "eligible body" or funding status in which case sales to those customers will qualify for exemption from VAT.

This VAT exemption may apply to commercial training providers, employers and private colleges that are in receipt of funding from one of the following sources:

- Section 2 of the Employment and Training Act 1973,
- Section 1A of the Employment and Training Act (Northern Ireland) 1950 or
- Section 2 of the Enterprise and New Towns (Scotland) Act 1990
- The Chief Executive of Skills Funding under Part 4 of the Apprenticeships, Skills, Learning and Children Act 2009 Act; or
- The National Assembly for Wales under Part II of the Learning and Skills Act 2000

However due to recent funding changes, including the withdrawal of funding for vocational training provided to learners aged 24 and over in respect of non-apprenticeship Level 3 and above qualifications and the introduction of new Business Rules restricting funding for non-apprenticeships qualifications for learners aged 19 and over, the VAT exemption now applies on an individual registration basis.

### We notified Pearson in the past about our VAT status and have been invoiced correctly, so what has changed and why do we have to do this again?

Recent funding changes by the Skills Funding Agency, including the withdrawal of funding of vocational training provided to learners aged 24 and over in respect of non-apprenticeship Level 3 and above qualifications, alters the VAT treatment of the supply of vocational training for this group of learners as it no longer qualifies for exemption.

### How do we notify Pearson of our VAT status?

Complete and return the **Customer VAT Status Confirmation Reply Slip** available from the website.

### What happens if our centre does not notify Pearson of our VAT status?

Pearson's default position is to charge VAT at the standard rate, so we have asked you to complete and return the VAT confirmation by **15 August 2014** to ensure that VAT is not charged unnecessarily.

### We are unsure of our position, how do we find out what the VAT status for our centre?

Please review the **Customer VAT Status Confirmation Reply Slip** and complete the relevant categories, sign and return by **15 August 2014**, you may wish to consult with your accountant or tax advisor.

### Why has our centre received VAT only invoices?

If you have registered learners aged 24 and over on non-apprenticeship Level 3 and above qualifications since **1 August 2013**, these registrations should have been subject to VAT and we will be raising VAT only invoices on these registrations ensuring VAT has been properly charged.

### How do we classify learners which are aged 24 years and over on non-apprenticeship Level 3 and above qualifications that are in receipt of an Advanced Student Learning Loan?

An Advanced Student Learning Loan is not SFA funded and therefore these registrations are subject to VAT at the standard rate. We may need to make some changes to how your centre is set up on our systems. We will be in contact to explain any changes and the implications once we have received and processed the **Reply Slip**.

**How do I register learners where the vocational training provided is fully funded by their employer?**

Employer funded vocational training is not SFA funded and therefore these registrations are subject to VAT at the standard rate. We may need to make some changes to how your centre is set up on our systems. We will be in contact to explain any changes and the implications once we have received and processed the **Reply Slip**.

**How do I know which Pearson or Pearson EDI qualifications continue to qualify for SFA funding under the new Business Rules for learners aged 19 and over?**

The list of qualifications qualifying for SFA funding under the new Business Rules for learners aged 19 and over is available from the **WBL & Colleges website**.

**How do I register learners aged 19 and over where the qualification no longer qualifies for SFA funding under the new Business Rules?**

Qualifications that are not SFA funded are subject to VAT at the standard rate. We may need to make some changes to how your centre is set up on our systems. We will be in contact to explain any changes and the implications once we have received and processed the **Reply Slip**.

**Our centre does not work with learners aged over 24 years, what do we have to do?**

Please review the **Customer VAT Status Confirmation Reply Slip** and the complete the relevant categories, sign and return by **15 August 2014**.

**How will we know where to register our learners correctly?**

For centres delivering Pearson qualifications that are both funded (for example, by the SFA) which are exempt from VAT, and non-funded (for example, non-apprenticeship level 3 qualifications for learners aged 24 and over) which are subject to VAT at the standard rate, we may need to make some changes to how your centre is set up on our systems. We will be in contact to explain any changes and the implications once we have received and processed the **Reply Slip**.

The exempt centre code should be used to register funded learners and the VAT able centre code should be used to register non-funded learners.

**When will the changes to EOL be applied and therefore available for me to register learners aged 24 and over on non-apprenticeship Level 3 and above qualifications correctly?**

We will be in contact to explain any changes and the implications once we have received and processed the **Reply Slip**.

**When will the changes to Campus be applied and therefore available for me to register learners aged 24 and over on non-apprenticeship Level 3 and above qualifications correctly?**

We will be in contact to explain any changes and the implications once we have received and processed the **Reply Slip**.