



A message from H M CUSTOMS & EXCISE for distribution by the General Chiropractic Council with their registration information packs.

## VAT EXEMPTION FOR CHIROPRACTORS

June 1999

1. The VAT liability of chiropractors services will be affected by the opening of the Register for chiropractors. Like other registered medical professionals, their services of treatment will become VAT exempt supplies once they are registered.
2. The exemption will also apply to the services of a chiropractor which are supplied (for VAT purposes) by a company if they are performed or directly supervised by a registered practitioner.
3. Individual chiropractors will only be making exempt supplies when the Register has opened and his or her name is on the Register. Those chiropractors who are already VAT registered will therefore not be allowed to deregister purely on the expectation that they will be accepted onto the Register.
4. Once a chiropractor's professional services have become exempt from VAT and they are no longer making any taxable supplies, they no longer have an entitlement to VAT registration. If this is the case they should notify their local Customs & Excise deregistration unit within 30 days of ceasing to make taxable supplies. Their VAT registration will be cancelled from the date they ceased to make taxable supplies.
5. Chiropractors who continue to make some taxable supplies of associated goods or other services once their professions' services have become exempt may still be able to deregister from VAT. Providing they can satisfy Customs & Excise that their taxable supplies will be below the deregistration threshold of £49,000 in the following 12 months they will be entitled to deregister. They should contact their local Customs & Excise deregistration unit for further information and refer to Notice 700/11 'Cancelling your registration'.
6. Although the VAT legislation will not be amended until 29 June, chiropractors on the statutory register will be allowed by concession to exempt their professional services from their date of registration. An official Customs and Excise Business Brief will be issued shortly.

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### VAT LAW

Under the terms of the Sixth VAT Directive (the main EC law on which UK VAT law is based), member states are required to exempt from VAT the provision of medical care in the exercise of medical and paramedical professions. Member states are entitled to use their own definitions of medical and paramedical professions and the United Kingdom has chosen to do this by reference to the statutory medical registers and persons registered on them. VAT exemption applies where qualified, registered practitioners carry out the activity for which they are qualified.

When a new statutory medical register is opened it is logical that the profession will be brought into VAT exemption. As you may know, osteopaths were included last year on the opening of their register and now registered chiropractors will come within the scope of the exemption.

The health and welfare reliefs are covered by the VAT Act (1994), Schedule 9 Group 7, and it is item 1 of this Group which will be amended to include the services of chiropractors. Their services will be included as item 1 (cp) so that the existing Legal Note 2 to the Group will also apply.