

TUESDAY'S

TOP TIP



OUR WEEKLY DOSE OF SMART BUSINESS AND FINANCE TOP TIPS



VAT accounting checks (partial exemption where applicable)

Why?

Tax Compliance

- Apply correct VAT coding and rates to transactions
- Review recovery calculations and evidence
- Only claim VAT if the appropriate evidence is available

Legal Requirement

- Maintain documentation for HMRC
- Seek advice on complex arrangements

Useful Resources

- HMRC – VAT Notices
- CIPFA – VAT in schools' guidance

Benefit

Carrying out regular VAT accounting checks ensures that the organisation maximises legitimate VAT recovery while staying fully compliant with HMRC requirements. By applying correct VAT codes, reviewing partial exemption calculations, and ensuring all claims are supported by appropriate evidence, schools reduce the risk of under-claiming recoverable VAT improving overall value for money. At the same time, accurate and well-documented processes protect the organisation from financial penalties, interest charges, or compliance challenges during HMRC reviews.

Routine VAT scrutiny also strengthens internal control by highlighting areas where processes may need tightening, such as incomplete documentation, inconsistent coding practices, or misunderstanding of exempt, non-business, and partially exempt activities.