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1.5 In kind support

In some cases, interested industry partners (but we have seen the situation with other parties such as Health Trusts) might offer some 'in-kind support'. This might include attendance at steering groups or provision of samples for testing for free. Some considerations are outlined below:

- i) Where the interested party receives something in return (e.g. licence to use results of a survey)

This is likely to be considered a "barter transaction". In this situation there are 2 separate supplies:

- x the supply from Interested party to the University of testing
- x the supply from the University to the interested party of a licence

and the VAT posit to

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If the University sells, lets or exports the goods or supplies services to overseas organisations, the supply of goods by the partner may be zero rated.

If there are business assets applied to non-business use for no consideration this would be a supply of services and VAT should be calculated accordingly.

Barter transactions can be complex and if you are in doubt, please contact vat@reading.ac.uk with the full details of the transactions being undertaken, and the VAT team can look further for you.

iii) Each party bearing their own costs of research

Occasionally the University may work collaboratively with a party (e.g. a Health Trust) where it is agreed that each party will bear their own costs.

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3 Relief for equipment purchased for non-commercially funded medical or veterinary research

The following paragraphs contain a brief summary of when suppliers may charge a zero rate of VAT on their supplies to the University for medical research. Please see the page at the following link: [Medical supplies - Zero rated \(reading.ac.uk\)](#) for additional guidance.

The University qualifies for claiming zero-rating of certain goods that that would normally be standard rated for VAT, relating to equipment used in non-commercially funded medical or veterinary research, or substances for such research where those substances will be used up entirely in that research.

Certification is required, and the certificate is usually provided by selecting tax code PM when raising a purchase order, but a manual certificate can be provided by the Tax Team where necessary.

The relief applies because the University is a not-for-profit research institution and is available for

- Supply of medical, scientific, computer, video, sterilising, laboratory, or refrigeration equipment used mainly (>50%) for medical or veterinary research, training, diagnosis, or treatment
- Parts and accessories of such equipment
- Repairs, maintenance, installation of such equipment
- Substances used directly and solely for synthesis or testing in the course of medical or veterinary RESEARCH

4 Customs Duty and Import VAT

If you import goods into the UK, Customs Duty and Import VAT may be charged on those goods.

Please see the information on the following link: [Imports of Goods \(reading.ac.uk\)](#) for guidance about Customs Duty and Import VAT.

The document also covers situations where you wish to move goods temporarily out of the UK and then bring them back at a later date (e.g. for field trips) and where you might be thinking of taking

5 When to complete an Employment Status Questionnaire and where to find it

If you purchase services from certain categories of supplier, including individuals who are self-employed or work through companies they own (even if this is through an Agency), it may be necessary to establish whether they should be paid in accordance with certain HMRC rules. In order to determine the applicability of these rules an Employment Status Questionnaire (ESQ) should be completed.

Please the page at the following link: [ESQ - Home Page \(reading.ac.uk\)](https://www.reading.ac.uk/ESQ-Home-Page) for guidance about when to complete an Employment Status Questionnaire and for further links to the Questionnaire itself.

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In effect, the University acts as if it is both the supplier and the recipient of the services, and it is put in the same position as if it had received the supply from a UK supplier rather than from one outside the UK. If your project receives outside the scope income (grant income), this reverse charge VAT will be an absolute cost to your project in the same way as UK VAT charged by a UK based supplier would be.

The reverse charge applies to any amount no matter how small, so will even apply to payments to research volunteers where UK VAT would not normally be charged (because the volunteers are not registered for UK VAT).

Please see the page at the following link: [Overseas purchases and the reverse charges \(reading.ac.uk\)](https://reading.ac.uk/overseas-purchases-and-the-reverse-charges) for guidance about reverse charge VAT.

7.2 Overseas Suppliers/subcontractors – ESQ requirements

It is possible that the overseas country you wish to engage a Supplier in will have similar tax rules as the UK when engaging with individuals who are either self-employed or working through companies they own. You should complete an ESQ and follow the procedures identified in 5 above for such suppliers where either:

- x The amounts they will be paid will exceed £1,000 per annum
- x They have previously been an employee of the University

The Tax Team will then try to evaluate whether there are additional tax risks in these engagements.

You should never engage a person as a member of staff who lives overseas, to work overseas, without consulting the Tax Team or HR first – there are likely to be overseas tax issues such as payroll reporting and local taxes to be paid which will be expensive.

In addition, you should always check to ensure that staff you are sending overseas to work on the project have appropriate visas and that they are not working overseas for more than 3 months in any 12 month period without checking with the Tax Team or HR first.

No one we are working with overseas should be able negotiate or sign contracts on our behalf

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Further training will soon be available on UoRLearn (see following link: [UoRLearn: Home \(sabaccloud.com\)](https://uorlearn.sabaccloud.com/)) that will highlight some of the key concepts raised in this guidance regarding the University and overseas considerations.

9 Overseas visitors