

may arise where courses are budgeted to break even or to make a loss but because of a higher than anticipated take-up or a reduction in costs they infact make a profit. Such courses remain exempt because the crucial test is one of intention which can only be decided before courses commence.

10. Holiday courses

Sporting and recreational courses supplied by the non-university sector are precluded from exemption under item 2(a) by Note 4 to the Group (see Annexe 1). In order to avoid a change of the relief for universities which could follow from claims of unfair competition, the CVCP has agreed with Customs that universities should tax the sporting and recreational courses they provide in vacations. Examples of these are given in Annex 2.

11. Conferences organised solely by universities

- Supplies of lectures, talks etc are exempt under Item 1 of Group 6 of Schedule 6 of the VAT Act 1983 as supplies of education.
- Supplies of accommodation, catering and other facilities to those attending the conference are exempt under Item 4 of Group 6 as supplies incidental to the supply of education.

12. Conferences organised jointly between a university and another body

A jointly organised conference should be treated the same way as one provided solely by a university and will be exempt provided:

- its subject matter falls into the general pattern of university teaching and research or the administration of education, and its content and the administrative arrangements are supplied and controlled primarily by the university with the approval of the university authorities, and
- its financial transactions are accounted for in the records of the host university.

If the educational supply by the members of the university above is small in proportion to the whole, the university will be deemed to be making a mixed supply of exempt and standard rated items and the charge must be apportioned accordingly. If the university wishes for simplicity not to make such an apportionment, the whole supply should be standard rated.

If the supply of education is by members of the university acting in a private capacity, or as officers of the other body the supplies by the university (eg accommodation and catering) will be taxable.

13. Conference facilities

Where you do not provide any education or its provision is minimal the supply is one of facilities. Supplies of facilities are usually a mixture of several supplies such as the letting of a hall, bedded accommodation, catering. The liability of these supplies is explained in part 3 of these guidelines. Where an invoice covers a number of supplies with different liabilities you should follow the directions of 'The VAT Guide', Appendix H.

14. Research

University supplies of research are exempt under Group 6 item 1; supplies by other bodies such as companies set up by universities are exempt under item 2(a), but only if they are of a kind provided by a university and they are made otherwise than for profit (see para 9 for the meaning of "otherwise than for profit"). For exemption, research must have the same meaning as that used in paragraph 2 of Annex 1 of the letter, dated 9 May 1985 from the Chairman of the University Grants Committee to the CVCP ie:

'Research for the purposes of this exercise is to be understood as original investigation undertaken in order to gain knowledge and understanding. It includes the use of existing knowledge in experimental development to produce new or substantially improved materials, devices, products and processes including design and construction. It excludes routine testing and analysis of materials, components and processes, - eg for the maintenance of national standards - as distinct from the