

VAT and COVID-19 Testing

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HMRC has recently released its policy, [Revenue and Customs Brief 11](#), in relation to the VAT treatment of COVID-19 tests.

Who should read this article?

Any organisation who is involved in the provision of tests for COVID-19 or receives these services from suppliers.

Why is this important?

HMRC's recent brief has confirmed its policy on the VAT treatment of COVID-19 testing and the requirements for VAT exemption to apply. These should be followed to avoid HMRC issuing VAT assessments and penalties.

HMRC's policy

HMRC has stated that the medical care exemption will apply in instances where:

1. the service incorporates the administration of the test to the patient; **and**
2. the provision of the results,

by a medical professional or somebody supervised by a medical professional such as a qualified registered nurse, doctor or a state regulated institution.

Exemption can still apply where the service is supplied by a non-registered person but the services are 'wholly performed' by a medical professional.

Exemption does not apply where:

1. the service is provided by UK Accredited Service or the Care Quality Commission as HMRC does not consider these as being state regulation
2. the service is administered by the patient themselves. Therefore, lateral flow tests are standard rated
3. tests are supplied by manufacturers to hospitals, pharmacies.

What next?

HMRC's policy may be challenged as the application to some scenarios could be complicated and provide results that will appear inequitable.

However, if your organisation's treatment is not in line with the policy corrective action should be taken both retrospectively and going forward.

Furthermore, if a supplier has been applying standard rate VAT where exemption applies, the over-charged VAT can be recovered by seeking a credit from the supplier.

Further information

Please get in touch with [Robert Warne](#) or your usual VAT contact if you would like to discuss this further.