

VAT Refund Scheme for museums and galleries

Overview

VAT incurred in connection with providing free admission to the public is not normally recoverable. However, section 33A in the VAT Act provides a scheme under which this VAT will be reimbursed. The Cole Museum of Zoology and The Museum of English Rural Life became eligible for these refunds from 1st August 2004. Refunds are no longer claimed for The URE Museum.

Conditions

1. Open to the general public for at least 30 hours per week, without exception
2. Offer free entry, without prior appointment
3. Hold collections in a purpose-built building
4. Display details of free entry and opening hours on the museum website
5. Provide details of visitor numbers

Free admission

Admission is free where the public is able to enter a museum or gallery (without pre-booking), view the collections on display and use freely available facilities for no charge. This includes, for example, access to common areas and facilities such as play areas for children, lectures and instructional classes provided for no charge.

What items can VAT be recovered on in relation to “free rights of admission”?

VAT can be reclaimed when it is incurred on most goods and services purchased in order to grant free rights of admission to principal collections.

VAT may be reclaimed only if it is supported by a valid VAT invoice. In addition, the Museum must place the order, receive the supply, and pay for it from its own funds.

VAT may be reclaimed where it is incurred on the:

- items and collections on display (provided they have borne VAT);

- goods and services necessary for their upkeep;
- upkeep of the part of the building (including common areas) in which they are housed; and
- provision of free information in relation to the items or collections on display, including advertising and other promotional material.

Specific examples of items for which VAT can be recovered

More specifically, this might include the VAT incurred in relation to:

- buying, acquiring, or importing the items and collections to which the public has free access;
- cleaning and restoring them;
- repairing and maintaining that part of the museum or gallery where they are housed, including cleaning that area, and making it secure;
- building a new wing to house them;
- temporarily storing them until they are put on public display;
- providing 'virtual' access to, and information about them, via your free web-site (provided this is not a business activity);
- providing free lectures about them; and
- advertising and promoting them by any other means, including the internet.

It also includes those areas, such as office space, that are not themselves open to the public, but which are used for administration purposes in connection with free admissions.

What VAT may not be recovered?

Section 33A cannot be used to reclaim any VAT incurred in relation to:

- any non-business activities other than providing free admission to the public. For example, VAT incurred in relation to grant funded research cannot be reclaimed.
- VAT incurred in relation to any business activities, such as shops, catering outlets, commercial sponsorship (including commercially sponsored websites), or educational courses cannot be reclaimed.

Reclaiming the VAT refunds

The Tax team will reclaim the VAT due under section 33A in the VAT return.