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IEEE United Kingdom & Republic of Ireland Section

<http://ieee-ukri.org/>

VAT AND ITS IMPACT ON IEEE VOLUNTEER EVENTS

- The key way forward (agreed with David E Galicki, Senior Director IEEE Tax Planning) is “Neither of the VAT compliance processes have any impact on IEEE Section and Chapter activity in Europe. Sections and Chapters are NOT required to charge VAT on event fees and file quarterly VAT returns”.

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- The above statement applies to events arranged by IEEE volunteers consistent with the status of IEEE being a Learned Institute and with its charitable status – i.e. for the enlightenment, improvement and benefit to the public. (New York State Charitable purposes include: *“education, relief of poverty, cultural programs, promotion of health and research to cure disease, and many other purposes that are beneficial to the community”*).
- Because IEEE, as a non-EU organisation, does receive payments for its services, IEEE registered for VAT for such services in two different modes:



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The 'VAT Compliance' processes adopted by IEEE are:

EU Special VAT Registration Scheme for Non-EU Businesses

- *On 1st July 2003 IEEE registered with the European Union to collect Value Added Taxes on all digital and electronic products sold to private individuals located in the EU. The EU special scheme allows IEEE to select one country to file one quarterly VAT return for all 27 (soon to be 28) EU countries. IEEE elected to file the quarterly EU filings with (UK) HM Customs and Excise, the authority responsible for collecting UK tax revenue. IEEE would not qualify under this Special Scheme if it was already registered separately for VAT in any of the EU countries.*

IEEE's Conference Indirect Tax Compliance

- *In 2007 IEEE developed a process for conferences to comply with VAT and other Indirect Tax requirements outside of the U.S. A separate (business) entity called IEEE International LLC was created to register in those countries where VAT or other Indirect Taxes are required to be collected on conference registration fees.*

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- The IEEE Institute registered for VAT solely for its electronics sales to individuals, such as IEEE Digital Library downloads. As now agreed by the Senior Director IEEE Tax Planning, the VAT registration **does not apply** in any way to member 'learned' events or activity. Otherwise all IEEE volunteer activity involving finance would require VAT accounting and reporting and be an impossible burden on our volunteers.



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- Business activities falling within the scope of IEEE LLC are conferences and exhibitions intended to be commercial and deliberately designed for profit, which are consequently subject to VAT compliance.
- Where volunteers elect to take advantage of the IEEE LLC registration they may do so by contacting the IEEE Indirect Tax department. There may be a benefit if a Chapter or Section elects to operate specific events through IEEE LLC because VAT payments made may then be recovered and repatriated to the organising volunteer Chapter or Section. Such an arrangement must be undertaken with full awareness of the significant workload involved in imposing and recording VAT on payments received, always obtaining VAT receipts for payments made, and recording and reporting all payments.
- Involving the IEEE department for Indirect Tax in the day-to-day activity of the event committee is not practical.



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Tutorial

VAT is a sales tax charged by businesses on certain goods and services provided. VAT must be added to customer invoices ('output VAT'). This VAT must be paid over to the Revenue & Customs authority. However, the business is allowed to deduct the VAT incurred in obtaining supplies and services and only pay over the net amount. Deducting VAT charged by suppliers is referred to as 'recovering VAT' and the VAT incurred on business purchases is referred to as 'input VAT'.

For VAT purposes activities are divided into three broad categories:

- **Outside the scope or non-business activities.** VAT does not apply to such activities. VAT is not charged, and the VAT incurred by the activity cannot be recovered.
- **Exempt activities.** These activities are within the scope of VAT, but are specifically exempted. VAT is not added to any charges, but VAT incurred by the activity cannot be recovered, except in very limited circumstances. Most of the exemptions are for activities in the public interest and include services commonly provided by charities such as health, welfare, education, sport and admissions to cultural events.
- **Taxable activities.** These activities are within the scope of VAT. VAT is added at the appropriate rate and VAT incurred by the activity can be recovered.

Tutorial contd.

Outside the scope and non-business activities:

VAT only applies to business supplies & services. So, for a transaction to be subject to VAT, it must first be a 'supply' and that supply must be 'business'. 'Business' is not really defined in VAT legislation. Case law suggests that business implies a certain degree of commercial intent .