HMRC - VBNB60960 - Definition And Registration Of Student Unions

Definition of a Student Union

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Student Unions have been established in all universities and university colleges. Some of the Unions are completely independent of the parent universities. All are in effect autonomous bodies even though provision may be made for them in the constitution of a university or college. Their aims are educational, recreational and representational.

Junior Common Rooms (JCRs) at Colleges of the University of Oxford and the University of Cambridge are identical for VAT purposes to Student Unions at non-collegiate universities. The VAT treatment described in this part is also appropriate for JCRs and for University Athletic Unions which function as Student Unions with regard to sports activities.

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Registration of Unions

Since the business activities of Student Unions are effectively independent of those of their parent institutions they should normally be registered separately for VAT in their own names.

Exceptionally a Union (other than a Union which is completely independent of a university) may be included in the VAT registration of its parent institution if the institution agrees.

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Funding

a. Grants

A substantial part of a Union’s funding usually comes from the parent institution in the form of a block grant (usually called a ‘subvention’) or capitation fee. These grants are outside the scope of VAT, and any supplies of goods or services which are wholly funded by such grants are not made in the course of business.

b. Subscriptions

Subscriptions levied to members may include an element which is passed on to the National Union of Students as an affiliation fee. Such a payment is outside the scope of VAT for the Student Union because the NUS accounts for VAT on it. The rest of the subscription should be apportioned to reflect the nature of the supplies made to the members.

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Clubs and societies

These may or may not be part of the Student Union.

If a club or society is part the Union has to account for VAT on any supplies the club or society makes. If the club or society is not part it will be treated according to the normal registration rules.

If the club or society does not consolidate its accounts with those of the Student Union it is a sign that it may not be part. The club or society will need to provide evidence of its independent identity.

Any difficulties with this issue should be referred by VAT staff to Registration Policy in VATAPPS. The normal route for HMRC staff for this is through the General Advice Request (GAR) or Technical Advice Request (TAR) as outlined in VPOLADV

Any submission should include:

a copy of the constitution of the club concerned;

details of the Union to which it is affiliated or from which it claims to be independent;

and, where applicable, a copy of the rules or written constitution of that Union.

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Clubs and societies which are part of a Student Union

Clubs with no degree of autonomy in the control of their affairs

These are automatically part of the Student Union VAT registration. As a result, their activities are considered to be carried on by the Student Union. The normal VAT liability rules apply to their subscription income.

Their subscription income is treated as subscription payments. Any unconditional grants or donations from the parent educational institution or the Student Union are outside the scope of VAT.

Other charges, such as admission charges, are taxable at the appropriate rate of VAT under the normal rules.

Clubs with a high degree of autonomy

Each club should:

have its own rules:

be managed by a committee elected by its members; and

have full control over the use of its finances.

Such clubs may be treated as part of their parent Student Union for VAT purposes provided they are in fact part of the university and the following conditions are met;

each individual club must be subject to the control of the parent Student Union. It has been agreed with the NUS that the controls outlined in a Model Constitution for Student Unions are acceptable for this purpose. Those controls normally say a Student Union will recognise any club or society provided that:

a petition for its formation signed by 10 members is presented to the Union Executive;

the club presents with the petition a constitution, including certain laid down conditions; and

the constitution is approved by the Union Executive - the recognition can be withdrawn by the Union Executive if it receives evidence that the Club or Society is contravening its constitution.

the club or society should use the name of the parent university in its title.

the accounts should be consolidated with those of the Student Union.

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