

## Assisted Instrument Purchasing Scheme (AIPS) Application Form

### PART 1 – To be completed by Parent / Carer (Please read requirements on page 2 before completing)

School Name: \_\_\_\_\_

Pupil Name: \_\_\_\_\_

Parent/Carer Name: \_\_\_\_\_

Contact Email/Phone: \_\_\_\_\_

Instrument (make/model): \_\_\_\_\_

Supplier Name & Address: \_\_\_\_\_

Total Price (including VAT): £\_\_\_\_\_

Will the instrument be used weekly at school? ☐ Yes ☐ No

Is the instrument for use in (please tick):

- ☐ Curriculum music lessons
- ☐ Fee-paying tuition (Name of teacher: \_\_\_\_\_)
- ☐ Leicestershire Music Hub ensemble (Name of group: \_\_\_\_\_)

Expected end date of tuition: \_\_\_\_\_

Parent/Carer Signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

**When Part 1 is completed in full, please pass to Headteacher/Music Teacher**

Please note:

- This scheme only applies to new instruments purchased through a school or local authority.
- The instrument must be used by a pupil receiving state-funded music tuition.
- Second-hand instruments and privately purchased instruments do not qualify.
- An administration **charge of £45** will apply if purchasing via Leicestershire Music Hub.

## **PART 2 – To be completed by the School**

Please tick to confirm the following conditions are met:

- ☐ The pupil receives state-funded music tuition (via school or hub).
- ☐ The instrument is new, suitable for the pupil's needs and used regularly in tuition.
- ☐ The instrument will be supplied through the school or local authority.
- ☐ The instrument will be sold at or below cost, excluding VAT.

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

**PLEASE SEND COMPLETED FORM TO: VAT LIAISON OFFICER, RESOURCES DEPARTMENT,  
COUNTY HALL, GLENFIELD, LEICESTER. LE3 8RB**

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## **PART 3 – To be Completed by the VAT Liaison Officer**

Signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

## **PART 4 – To be Completed by Leicestershire Music**

Order Number: \_\_\_\_\_ Order Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Invoice Number: \_\_\_\_\_ Invoice Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Parent Payment Ref (Invoice No.): \_\_\_\_\_

Receipt Number: \_\_\_\_\_

#### **VATGPB7825 - Local authority education services: related activities: assisted instrument purchase scheme**

The complete details of the Assisted Instrument Purchasing Scheme can be found at <https://www.gov.uk/hmrc-internal-manuals/vat-government-and-public-bodies/vatgpb7825>

#### **Introduction**

The supply of musical instruments is standard rated for VAT purposes. The Assisted Instrument Purchase Scheme (AIPS) enables pupils of local authority and academy schools to purchase musical instruments through their school net of VAT providing the sale to the pupil meets the criteria below. If the school sells the instrument to the pupil at a profit this is a standard-rated supply. The scheme is described below.

#### **Legal Background**

AIPS was not introduced by any legislation but is considered as closely related to the supply of education, which for qualifying bodies is VAT exempt and other bodies standard rated. (See Schedule 9, Group 6 of the VAT Act 1994.) However, as local authority and academy schools deliver education as part of a special legal regime, they are taken out of the scope of VAT by virtue of section 41A of the VAT Act, which transposes into UK law Article 13 of the Principal VAT Directive 2006. Therefore, they are treated as non-business activities.

While normally non-business activities do not allow the taxpayer to reclaim VAT as it is not input tax as defined by section 24 of the VAT Act, local authority and academy schools are able to claim refunds for the VAT they incur making supplies subject to a special legal regime under section 33 (for local-authority schools) and section 33B (for academy schools). These rules enable the schools to reclaim the VAT on the purchase of musical instruments because they use them for the provision of education.

#### **Rules and definitions for AIPS**

For the purposes of AIPS the following definitions apply:

"State education" includes the following:

- Musical tuition at a local authority school;
- Musical tuition at an academy;
- Musical tuition in either a school orchestra or local authority orchestra; and
- Musical tuition in a local music hub.

"Musical Instruments" includes replacement parts.

For the purchase to qualify for the AIPS, the following criteria must be met:

- The instrument or item must be sold to the local authority or school and then supplied onto the pupil or their guardian;
- The pupil must be receiving state education;
- The instrument must be used as part of their musical tuition;
- The instrument must be appropriate to the pupil's needs; and
- The price charged to the pupil for the purchase of the instrument must be at or below cost

#### **General Terms and Conditions**

The conditions that must be observed are as follows:

1. The sale of the instrument is made to pupils receiving tuition from the local authority (including Leicestershire Music performance groups / ensembles).
2. The instrument is required as part of normal curricular studies and these studies are expected to continue for a minimum of 2 school terms.
3. The instrument is required for regular classroom use. This means that the item can be taken home but needs to be brought to school at least on a weekly basis and not, for example, just once a term.
4. Parents/carers undertake to repay any VAT relating to the purchase of the instrument should the conditions above not be met.

Headteachers, or their authorised representatives, will be responsible for ensuring that the application form is completed at Parts 1 and 2 by the appropriate person and that information regarding the tuition is accurate.

Completed forms should be forwarded to the VAT Liaison Officer at County Hall for authorisation prior to any further action being undertaken. (Note: this is the case even for City Council pupils – see further note below). When the form is authorised form by the VAT Liaison Officer it will be sent to Leicestershire Music who will issue an official purchase order to the retailer. The retailer will invoice Leicestershire Music who will pay the invoice through the Local Authority Budget. Parents/carers will be invoiced by Leicestershire County Council before the instrument is received for the amount charged by the retailer (exclusive of VAT) plus £45.00 (Administration Charge).

For students who reside in Leicester City Council LA area - The arrangements for City Council pupils may be slightly different in that the VAT Liaison Officer will identify appropriate cases and forward the authorised Form to the City Council VAT and Taxation Advice Office. The latter will confirm the details and pass the Form to the City Council's Education Department who will carry out the steps otherwise undertaken by Leicestershire Music. The parents/carers in such cases should make payment to 'Leicester City Council' and sent to the Education Department, Marlborough House, Leicester. **Parents/carers will be advised if these alternative arrangements apply.**

**Please note.** UNAUTHORISED USE OF THE CONCESSION MAY RESULT IN THE PARENT BEING LIABLE TO REPAY THE VAT.

This Scheme will be administered jointly by Leicestershire Music and the VAT Liaison Officer in conjunction with the City Council VAT and Taxation Advice Office, where applicable.

Any disputes or disagreements arising from any applications will be dealt with by these persons or their representatives.

Any arrangement for the parents/carers to take away the instrument, before the form is authorised, is strictly a private arrangement between parents/carers and retailer.

Leicestershire County Council and Leicester City Council accept no responsibility for any loss arising from this arrangement.

Data Protection Act, 1998: The information you supply will be used by Leicestershire County Council or Leicester City Council for the sole purpose of fulfilling the Local Education Authorities' statutory duties and operational functions.