

SFC Innovation Voucher Scheme 2017-18

UHI Guidance on VAT

The VAT arrangements for any prospective grant will need to be discussed with the company prior to the application form being completed.

In March 2013, the University reviewed how VAT was handled in these projects and the following was agreed:

Any funding that is paid to UHI by the company is liable for VAT (where the company is providing cash match funding) and any funding from SFC for the innovation vouchers is also liable for VAT (even if the company match is only in-kind).

For example, if the SFC pay UHI £5,000 for an innovation voucher and the company is providing in kind match only, the receipt of the innovation voucher must be treated as VAT exclusive i.e. £5,000 worth of research/work is carried out and we must issue the company with a VAT only invoice (at the current rate this would be £1,000). If the company is VAT registered then they are able to claim this back so most companies accept this.

If the VAT cannot be recovered by the company then it may be claimed as an eligible project cost provided the claim is substantiated by appropriate evidence from the company's auditors or accountants. Please note that the total project cost including VAT claimed must not exceed £5,000. For example,

Project costs (e.g. staff time, travel and subsistence)	£4,165
VAT@20%	£833
Total value of voucher claimed	£4,998

If the company is not registered in Scotland, the pre-submission information form should be completed and submitted to check the company is eligible before progressing.