



# **Investigating the potential obstacles to adding VAT to independent school fees**

**Research note**

**March 2024**

*The information provided in this note does not, and is not intended to, constitute legal, tax or accounting advice.*

## About EDSK

EDSK is an independent, impartial think tank.

Our mission is to design new and better ways of helping learners of all ages succeed, particularly those from disadvantaged backgrounds.

We aim to achieve this by conducting research on topics across the education and skills landscape and then producing evidence-based recommendations for how the system needs to change, both now and in the future.

Our research covers primary schools, secondary schools, colleges, apprenticeships and universities. Whichever topic or policy area we are investigating, our priority is always to produce better outcomes for learners while also ensuring that the greatest support is given to the most disadvantaged members of society.

We work closely with a range of individuals and organisations to ensure that our research reflects a wide range of evidence on any given issue. EDSK retains copyright and full editorial control over our research, irrespective of how it is funded.

EDSK is a not-for-profit think tank registered in England and Wales.  
(Company Registration No. 11795717)

Find out more at [www.edsk.org](http://www.edsk.org)

## Introduction

With a General Election due in the coming months, the Labour Party's plans to add VAT to independent school fees has taken on even greater salience. The question of how much money this headline change would raise remains a source of heated debate. Last year, a report by the Institute for Fiscal Studies (IFS) concluded that adding VAT to fees would bring in £1.3-1.5 billion a year for a future government<sup>1</sup> although this is much higher than other estimates.<sup>2</sup>

Leaving aside the issue of potential revenue gains or losses for the government, this research paper from EDSK focuses on the issues that could complicate efforts to add VAT to independent school fees – more often than not due to the sheer complexity and intricacies of the legislation that underpins the operation of VAT in this country. Although it is not possible to offer precise figures for how these complications may affect a future government's finances, this paper builds on [EDSK's previous research in 2023](#) by outlining several reasons why attempting to add VAT to school fees could present significant legal and political challenges for any government that chooses to move ahead with this policy.

## Parents paying school fees in advance of VAT being added

EDSK's research last year flagged the possibility that some parents may seek to avoid the imposition of VAT by paying school fees in advance of the next General Election. Since our paper was published, this issue has appeared with increasing frequency in media and political circles because the prospect of avoiding thousands – if not tens of thousands – of pounds in additional taxation has unsurprisingly generated considerable interest among parents. Some independent schools have also reportedly been urging parents to use 'fees in advance' schemes (either existing or new ones) to avoid any additional future VAT.<sup>3</sup>

Parents altering their behaviour in this manner is clearly an unintended consequence of proposing to add VAT to fees. The potential loss of considerable VAT revenue has recently attracted the attention of the Labour Party. Shadow Education Secretary Bridget Phillipson recently said that her party "would make sure that the legislation is drawn in such a way to ensure that avoidance can't take place." She added that there is precedent for this approach:

*"Back in 2010, George Osborne, when he made VAT changes, did something very similar. So we're clear there was precedent when the legislation was drawn in such a way that it is effective in raising the money that we need to invest in our state schools."*<sup>4</sup>

This was a reference to then Chancellor George Osborne raising the standard rate of VAT from 17.5 to 20 per cent in 2010 along with 'anti-forestalling provisions' that prevented people and organisations from applying the lower 17.5 per cent rate to payments for goods and services made in advance of the increase to 20 per cent. In theory, a future government could utilise the same anti-forestalling provisions for VAT on school fees. This would mean that the removal of independent schools' exemption from charging VAT comes into force at the moment that the removal is announced (which could conceivably be straight after the General Election) as opposed to only coming into force once any requisite legislation had been passed by Parliament. In other words, even if a future government took several months to pass the legislative changes associated with adding VAT to fees, the addition of VAT could be backdated to the point that the change was originally announced by ministers.

That said, the scenario faced by George Osborne in 2010 is not necessarily relevant to parents who pay their fees before the next election, for two reasons. First, the increase from 17.5 to 20 per cent occurred when a serving government changed the rate of VAT – an entirely different context to an opposition party outlining its preferred plans should it form a government. Second, it would be highly unusual for HMRC to retrospectively attempt to enforce the collection of VAT on a good or service that did not attract VAT when the 'tax point' occurred.

This notion of a 'tax point' is critical to understanding the position of parents and independent schools when it comes to fees being paid in advance. A tax point is defined as the time when a supply of goods or services is treated as taking place for the purposes of calculating VAT. If you are supplying a good then the 'basic tax point' is usually the date when the customer takes the good(s) away.<sup>5</sup> For example, if a customer purchases an item in a shop, the basic tax point would be when the customer leaves the shop with the item. If you are supplying a service such as education, the basic tax point is the date when the service is performed (normally the date when all the work is complete).<sup>6</sup>

However, under VAT legislation – specifically, Section 6 of the *1994 VAT Act* – if a supplier receives a payment before the basic tax point (when the service is delivered), the 'actual tax point' becomes the date that the supplier issues the invoice or receives the payment - whichever happens first.<sup>7</sup> Thus, if a parent pays fees to a school in advance of receiving the education that they are paying for, the actual tax point would presumably be the moment that the money is received by the school. Seeing as education is currently exempt from VAT and is likely to remain so before the General Election, this would mean that there is no VAT due at the 'actual tax point' if the school receives the fees before the election. A future government seeking to retrospectively change the law so that VAT was later added to a service – in this case, education – even though VAT was not due at the actual tax point is therefore a high-risk strategy and could easily result in legal challenges. Sir Edward Troup, a former executive chair of HMRC, recently described the prospect of retrospective tax measures in relation to independent school fees as “very tricky”.<sup>8</sup>

As EDSK's previous work highlighted, there are some caveats to paying fees in advance. For instance, parents would almost certainly have to make the full amount available to the school rather than placing the fees in some form of holding account ('in escrow'). In addition, only parents with access to considerable savings or financial support from other family members are likely to be able to benefit from advance payment facilities offered by independent schools. Regardless, the prospect of parents or carers paying school fees in advance of the next General Election – either for one year of schooling or possibly multiple years – represents a major risk to the potential revenue gains from adding VAT to fees, and a future government would almost certainly struggle to prevent this outcome.

## **Independent schools claiming VAT back from the government**

If an organisation makes 'taxable supplies' of goods and / or services, they must collect the VAT due on those supplies (normally by charging VAT to customers) and then pass the VAT (known as 'output tax') to HMRC. Organisations are also entitled to reclaim any VAT that they incur on their own purchases of goods and services ('input tax') so long as it relates to the taxable supplies that they are making.<sup>9</sup> As it stands, almost all forms of education are

exempt from VAT.<sup>10</sup> As a result, the vast majority of schools, colleges, universities and other education providers do not charge VAT (output tax) on their 'supply' of education to customers, but this also means these same institutions cannot claim back any input tax that they incur on their purchases.

In 2022, Oxford Economics were commissioned by the Independent Schools Council (ISC) – an umbrella body for seven associations that cover the operations of around 1,300 independent schools in England – to assess the impact of independent schools on the UK economy. As part of their analysis, they estimated that ISC schools had incurred £297 million of VAT on goods and services over the previous 12 months.<sup>11</sup> That said, expenditure in 2021 was almost certainly dampened by the pandemic and associated school closures, which led Oxford Economics to also offer a 'normal year' estimate of £439 million of VAT expenditure on goods and services rather than £297 million<sup>12</sup> – an increase of almost 50 per cent. It is worth noting that these estimates do not include any VAT on goods and services incurred by the roughly 1,100 independent schools that are not members of the ISC. The IFS report mentioned at the start of this paper offered a separate estimate of £340 million a year of VAT paid on goods and services by independent schools.<sup>13</sup>

If a future government forces all independent schools to charge VAT on their fees (by removing the present VAT exemption) then these schools will have to register for VAT, after which point they will be entitled to claim back their input tax going forward (unlike now). Needless to say, the more input tax that is reclaimed by independent schools, the lower the overall revenue gain will be from adding VAT on fees. Given the extraordinarily high rates of inflation (and associated cost increases) faced by almost every business both inside and outside the education sector since 2021, the input taxes paid by independent schools could now be significantly higher than past estimates. What's more, larger and wealthier independent schools will incur more input tax on their purchases, meaning that they will be reclaiming more VAT in future than smaller independent schools – thus increasing their financial advantage over their less prestigious counterparts.

Making independent schools register for VAT would also mean that these schools could now seek to recover some of the VAT that they have previously incurred on large capital projects over the last decade. The Capital Goods Scheme (CGS) relates to expenditure on certain items (e.g. new buildings or renovations to existing buildings) costing £250,000 or more that were subject to VAT when it was purchased or the works undertaken.<sup>14</sup> Any VAT incurred on such projects before a business registers for VAT is unrecoverable, but after it registers for VAT a business can claim back a portion of the VAT incurred thereon up to a maximum of 10 years after the project was undertaken. To give a simplified example, if an independent school constructed a new educational building five years before registering for VAT, it still has another five years (50 per cent) of the 10-year period remaining. Thus, after registering for

VAT, the school could claim back up to 50 per cent of the total VAT that they incurred (split evenly over the remaining five years i.e. reclaiming 10 per cent of their VAT liability a year).

It is unlikely that the intent behind charging VAT on school fees includes giving these schools a potential tax windfall on major building or refurbishment projects including swimming pools, lecture halls, indoor and outdoor sports facilities, classrooms and laboratories constructed over the last decade, yet this is precisely what could happen. Admittedly, it is not possible to quantify in advance how much VAT could be recovered by independent schools through the CGS. Oxford Economics estimated there was £550 million of ‘construction work’ by independent schools in a single COVID-affected year in 2021,<sup>15</sup> although it is unclear how much of this related to expenditure on major capital projects. Regardless, if a large volume of independent schools register for VAT, it is reasonable to assume that a future government could face a substantial bill over several years in relation to CGS adjustments.

There are two additional issues that a future government would have to contend with in relation to the CGS. First, if an independent school is planning large capital-intensive projects over the next 12 to 18 months then they now have a strong incentive to delay such expenditure until the VAT may become reclaimable from HMRC, which will increase the financial burden on the government. Second, major capital projects are much more likely to be undertaken by larger and wealthier independent schools with the highest fees, which means that – again – these schools will reclaim far more VAT through the CGS than smaller and more marginal independent schools. Smaller schools who spend less money on buildings and equipment, and spend proportionally more directly on pupils and teachers, would lose out relative to larger schools with greater asset bases.

It was reported last year that the Labour Party would seek to bar independent schools from claiming back past VAT receipts. Under their plan, independent schools that started charging VAT in the years after VAT was added to school fees would be able to claim back past VAT payments, but only up to the date at which the new tax on fees came into force.<sup>16</sup> This would directly contradict the principles behind the CGS and would essentially mean treating independent schools differently to any other organisation that charges VAT, raising obvious questions about the legality and viability of such a proposal. One lawyer specialising in VAT said that “I think there will be a few people seeing them in the courts.”<sup>17</sup>

### **Isolating ‘independent schools’ from other education providers**

Under VAT legislation, ‘the supplies of education and vocational training’ are exempt from VAT if they are supplied by ‘an eligible body’.<sup>18</sup> Unsurprisingly, schools are classed as eligible bodies alongside colleges, universities and many other institutions as they supply education and training every day. In theory, it would be possible to exclude independent schools from

the list of eligible bodies, meaning that their supply of education would no longer be exempt from VAT. However, an education provider is also “likely to be an eligible body, where it’s a charity, professional body or company that cannot and does not distribute any profit it makes, and with any profit that might arise from its supplies of education, research or vocational training is used solely for the continuation or improvement of such supplies”.<sup>19</sup> This raises the possibility that charitable independent schools – particularly those run by, say, a charitable foundation – could still be classed as an eligible body even if ‘independent schools’ are excluded from the same list.

A future government could try to amend the VAT legislation to exclude independent schools from being exempt from VAT through this separate ‘eligible body’ classification, but such an approach could inadvertently affect other charitable organisations delivering education and training services across various age ranges, sectors and types of provision. Independent schools operate under a wide variety of legal structures and ownership models (e.g. charitable foundations, charitable trusts, sole proprietors, for-profit), which could further complicate any attempt to prevent the inclusion of charitable independent schools within the broader exemption for charities. Avoiding unintended consequences in this regard may eventually prove feasible, but any mistakes caused by ill-judged legislative changes that seek to remove the VAT exemption from ‘independent schools’ could be politically and financially costly.

## Childcare and welfare services

The exemption from VAT for education and training is described in one part of the *1994 VAT Act*, but other parts of the same legislation apply to other services that independent schools can provide. For example, ‘supplies of welfare services and connected goods by charities, state regulated private welfare institutions or agencies, or public bodies’ are also exempt from VAT. This exemption includes the “care or protection of children and young persons”, which covers – among other things – “day care services such as those provided by a nursery, playgroup or after school club (but not activity based clubs such as dance classes)”.<sup>20</sup>

Some independent schools offer early years and nursery provision for children aged 0 to 4. At the time of writing, the Labour Party has not stated whether it would add VAT to the fees for these young children. The IFS report followed EDSK’s earlier lead by assuming that “VAT would not be applied to early education and childcare”<sup>21</sup> and excluded about 30,000 nursery pupils in independent schools from their calculations of future VAT revenue. Government figures for England show that there were 31,820 children aged under 4 in independent schools at the start of the 2022/23 academic year (31st August)<sup>22</sup> – and that excludes Scotland, Wales and Northern Ireland – so 30,000 may turn out to be an underestimate.



If a future government chooses not to add VAT to independent school fees for nursery-aged children, it would miss out on tens of millions of pounds in VAT revenue. On the other hand, if a future government proceeds with adding VAT to nursery fees in independent schools, it could have serious implications for the wider childcare system (which is dominated by private sector providers). Most obviously, targeting independent school nurseries in this manner while leaving other childcare providers unaffected would risk breaching the underlying VAT principle of 'fiscal neutrality', under which similar goods or services that are in competition with each other cannot be treated differently for VAT purposes.

Even if a future government managed to avoid becoming entangled in legal proceedings, independent schools may consider 'spinning out' their nursery / early years provision into a separate organisation that delivers the service instead – effectively mimicking existing private childcare providers that do not need to add VAT to their fees. This may create some practical challenges (e.g. moving existing staff across to the new provider) and a new nursery provider would at the very least need to operate as a distinct and independent organisation from the school, but this broad approach could still be tempting for independent schools seeking to limit fee increases for parents.

School clubs pose another obstacle, given their inclusion within the VAT exemption for 'welfare services'. Many independent schools (like some state schools) provide breakfast clubs and homework clubs in addition to their main teaching timetable, and independent boarding schools would presumably invest even more in such clubs as part of their wider pastoral role. If a future government adds VAT to school fees then they may inadvertently be requiring independent schools to charge VAT for the provision of these VAT-exempt clubs, which would risk attracting legal challenges. A government could try to design new legislation in such a way that it 'unbundles' an independent school's main teaching activities from its welfare services, but attempting to charge VAT on some parts of the school day but not others may prove problematic for both schools and HMRC.

In addition, it is not clear whether the before- and after-school care provided by a boarding school (aside from any clubs that they operate) would similarly constitute a 'welfare service', thus potentially putting boarding accommodation and other care services offered by these schools outside the scope of VAT on 'independent schools'. That some boarding schools also educate day-only pupils alongside their boarding pupils (with the former understandably paying much lower fees than their boarding peers) shows that unbundling already operates in practice, although how such arrangements would be viewed in any future VAT dispute between independent schools and HMRC remains to be seen.

## Special Needs provision in independent schools

In January 2023 Bridget Phillipson stated in a House of Commons debate over the taxation of independent schools that “we do not anticipate that the proposals would cover specialist provision”.<sup>23</sup> In April 2023 it was reported that the Labour Party would exempt special needs schools from its plans, with a spokesman adding that “our policy of removing VAT exemptions on private schools will not apply for children with a special educational need where their school place is allocated on the basis of an Education and Health Care Plan.”<sup>24</sup> These two subtly different positions raise an important question: would a future government seek to exempt special needs schools or special needs pupils from VAT on school fees?

If a future government chose to exempt special needs schools from having to charge VAT on fees, they would most likely draw on the existing list of independent special schools and post-16 institutions approved under section 41 of the *Children and Families Act 2014*.<sup>25</sup> However, this could mean that pupils with mild, moderate, severe or profound SEND who attend other independent schools (including those that specialise in SEND provision but are not classified as ‘special schools’) would still have VAT added to their fees, which could lead to political problems as much as legal ones. Jonathan Hetherington, head of More House School in Surrey, the largest SEND school in the country that provides support for children with dyslexia and other speech, language and communication issues, said in response to Labour’s announcement in April last year:

*“These exemptions do not go far enough and will still disadvantage vulnerable neurodiverse children failed by the state-maintained sector, where parents are desperately self-funding better SEND support in independent schools. Hardworking parents should not be penalised when an inflexible state provision has already failed them. Not all independent schools are like the famous few; the vast majority are vital in their local communities, with many providing a lifeline to [SEND] children.”*<sup>26</sup>

If a future government chose instead to exempt special needs pupils (i.e. those with an Education and Health Care Plan (EHCP) provided by their local authority) from VAT on their fees, they would inadvertently create a perverse incentive for parents to seek out a special needs diagnosis and then an EHCP for their child. Parents are already entitled to get a SEND diagnosis from a private practice outside of the NHS, and one can reasonably assume that parents with children at independent schools are more likely to have above-average incomes that would make a private diagnosis more accessible. These parents may also be better placed to pursue local authorities (e.g. through Tribunals) if they do not subsequently receive an EHCP for their child.

The latest ISC census showed that 87,698 pupils were identified as having at least one specific SEND in 2023 (up from 82,391 in 2022), 7,171 of whom had an EHCP.<sup>27</sup> If these numbers rose in response to a new incentive to secure an EHCP to avoid paying VAT on fees, publicly-funded local authorities could face an even greater burden on their special needs budgets (which were already facing a £2.4 billion deficit by last year<sup>28</sup>). The IFS report estimated that the loss of revenue from exempting VAT on pupils with EHCPs would be £220 million a year based on current pupil numbers,<sup>29</sup> but there is no reason why this could not rise dramatically in future – especially if there was a powerful incentive for independent school parents to pursue a SEND diagnosis.

The feasibility of exempting individual pupils with EHCPs from VAT on fees becomes even more doubtful when one realises that EHCPs only apply in England and are not used in Scotland, for instance, which has its own system for supporting children and young people with ‘additional support needs’. The IFS report did not appear to acknowledge this crucial distinction within the UK when considering how SEND provision is funded and managed, even though it has significant implications for the revenue that could be raised within each nation as well as the revenue that could be lost through any ‘special needs’ exemptions. As if that was not complicated enough, VAT is a tax on consumer expenditure – not on consumers themselves – which would only make it harder to design VAT legislation in such a way that certain pupils within a particular independent school are exempt from VAT on fees while other pupils in the same school (possibly in the same classroom) are not.

In short, designing UK-wide VAT legislation in such a way that it exempts special needs pupils and / or schools without any incorrect categorisations or omissions across all four UK nations may be legally undeliverable, whereas failing to exempt some of the most vulnerable pupils from VAT on their fees could be politically undeliverable.

## Debating the impact of changes to parental behaviour

One of the most disputed topics in relation to adding VAT to fees is the question of how many pupils may be forced to leave independent schools due to the fee increases. In theory, every departing pupil would deprive the government of the VAT revenue that their parents would have paid on fees if their child / children had remained in the school. However, the IFS report claimed that pupils leaving independent schools due to the addition of VAT on fees would in fact have no effect on the government’s VAT revenues:

*“If parents chose to reduce demand for private schooling, then demand for other goods and services would rise, thereby increasing VAT revenues from those other goods and services. Indeed, if we assume constant consumer expenditure and an effective VAT rate of 15% on other goods and services, then while reduced demand for private schooling would reduce*

*VAT from private schools, it would have zero effect on overall VAT revenues. This is naturally subject to a number of caveats. First, the effective VAT rate on other purchases may be slightly higher or lower than 15%. However, any deviations from this are likely to be small. Second, the timing of expenditure may well affect the profile of tax revenues over time. If parents chose to save any money saved on private school fees, then immediate tax revenues may drop, but future tax revenues will increase when such money is eventually spent on goods and services.”*<sup>30</sup>

The suggestion that adding VAT to fees would have “zero effect on overall VAT revenues” even if large numbers of pupils were withdrawn from independent schools is highly questionable. For example, if a pupil no longer attends an independent school but their family remains keen to invest in their education, there are two obvious goods and services that the family could spend money on to make up for any perceived educational shortfall: employing a private tutor (possibly more than one tutor), and spending more money on books. Neither private tutors nor books attract VAT,<sup>31</sup> meaning that there would be no additional VAT revenue for the government after the government had already missed out on the ‘lost’ VAT on fees from the departing pupil. Furthermore, parents may choose to use any unspent school fees on items unrelated to education that also do not attract VAT (e.g. making additional mortgage payments). Even these rudimentary scenarios raise serious doubts about the IFS’s assumptions that: (i) parents would spend all their savings from school fees on other goods and services that attract VAT; (ii) any newly purchased goods and services would attract around 15 per cent VAT and deviations from this “are likely to be small”; and (iii) that future VAT revenue will be guaranteed to increase when parents choose to spend any saved fees.

In a further twist, grammar school headteachers and representatives have voiced their concerns that Labour’s plan to add VAT to independent school fees could mean local children, particularly those from deprived backgrounds, miss out on places – especially in areas with existing shortages. One headteacher at a grammar school warned that extra competition for places would benefit “private school parents [who] are best placed to be buying the houses right next to the schools.”<sup>32</sup> Needless to say, parents having to withdraw their child from an independent school and using the unspent fees to help fund the purchase of a new house in a grammar school area would not generate any VAT revenue for the government in addition to the lost revenue from the school fees.

Phillip Bosworth, a spokesperson for the National Grammar Schools Association, said that “the increased competition may push some local children out if there are large numbers who move and buy a house within access to a grammar school and have extra exam tuition”, adding that a tougher contest for places would benefit parents “pouring money” into applications with additional help from tutors.<sup>33</sup> In other words, any former independent school parents who move to a grammar school area may spend more money on private tutors

in preparation for grammar school entrance exams in addition to their house purchase – depriving the government of even more future VAT revenue.

Even if the IFS was correct to assume that VAT revenues would be entirely unaffected by the volume of pupils leaving independent schools, there is yet another reason to question the value of this assumption to a future government. If parents do begin spending more money on goods and services that attract VAT after their child leaves an independent school, this will not be visible within the government finances as a new and additional source of revenue. This could pose a major presentational problem because the loss of revenue from VAT on fees (and subsequent increase in government expenditure caused by extra pupils now attending state schools) would have a tangible impact on the government's finances whereas any supposed additional revenue from parents' spending on other goods and services would simply disappear into VAT revenues more broadly. This could mean that a future government has considerably less to show for their policy of adding VAT on fees irrespective of whether overall VAT revenues somehow hold up.

## Conclusion

The political focus on the projected sums that could be raised by adding VAT to independent school fees is understandable but not necessarily advisable. This research paper has illustrated why the complexities of VAT legislation – which applies across the whole of the UK, not just England – are likely to work against any future policymaker seeking to deliver this proposal.

To be clear, there is no logistical reason why a future government could not change VAT legislation in pursuit of this goal. Even so, this paper has sought to demonstrate how and why major legal and political complications could arise from even a single contestable or inappropriate change to the legislation. Some of these complications may be avoidable, whereas others look almost inevitable. In response, a future government may consider offering an increasingly large number of exceptions to their proposals and legislation in the hope of avoiding conflicts with schools and families, but every exception would almost certainly reduce the revenue generated from VAT on school fees. What's more, the process of enacting any exemptions for specific pupils, families or schools within the VAT legislation in a way that prevents legal and political problems would be far from straightforward.

The debate over VAT on independent school fees shows no sign of abating this side of the General Election. Nevertheless, the growing list of challenges inherent in designing and implementing such a proposal cannot be ignored indefinitely. It is hoped that this paper makes a valuable contribution to discussions on such matters in the coming months and years.

## REFERENCES

---

- <sup>1</sup> Institute for Fiscal Studies, 'Tax, Private School Fees and State School Spending', Webpage, 2023.
- <sup>2</sup> Baines Cutler Solutions, *VAT on School Fees – Report: October 2018* (London: Baines Cutler, 2018).
- <sup>3</sup> Poppy Wood, 'VAT Loophole Means Labour's School-Fees Plan Could See Some Parents Avoid Tax for Five Years', *I Paper*, 28 September 2023.
- <sup>4</sup> Nina Lloyd, 'Labour Mulls Osborne-Style VAT Rules to Block Private School Tax Avoidance', *The Independent*, 10 January 2024.
- <sup>5</sup> HM Revenue & Customs, 'Guidance: VAT Guide (VAT Notice 700)', Webpage, 2023.
- <sup>6</sup> Ibid.
- <sup>7</sup> Ibid.
- <sup>8</sup> Anna Gross et al., 'Labour Explored Retroactive Tax on Private School Fees', *Financial Times*, 5 January 2024.
- <sup>9</sup> HM Revenue & Customs, 'Guidance: VAT Guide (VAT Notice 700)'.
- <sup>10</sup> HM Revenue & Customs, 'Guidance: Education and Vocational Training (VAT Notice 701/30)', Webpage, 2023.
- <sup>11</sup> Oxford Economics, *The Impact of Independent Schools on the UK Economy* (Oxford: Oxford Economics Ltd, 2022), 18.
- <sup>12</sup> Ibid.
- <sup>13</sup> Institute for Fiscal Studies, 'Tax, Private School Fees and State School Spending', 16.
- <sup>14</sup> HM Revenue & Customs, 'Guidance: Capital Goods Scheme (VAT Notice 706/2)', Webpage, 2020.
- <sup>15</sup> Oxford Economics, *The Impact of Independent Schools on the UK Economy*, 18. Additional breakdown kindly provided by Oxford Economics.
- <sup>16</sup> Ben Riley-Smith, 'Labour in "Punitive" VAT Receipts Plan for Private Schools', *The Daily Telegraph*, 23 October 2023.
- <sup>17</sup> Ibid.
- <sup>18</sup> HM Revenue & Customs, 'Guidance: Education and Vocational Training (VAT Notice 701/30)'.
- <sup>19</sup> Ibid.
- <sup>20</sup> HM Revenue & Customs, 'Guidance: Buildings and Construction (VAT Notice 708)', Webpage, 2024.
- <sup>21</sup> Institute for Fiscal Studies, 'Tax, Private School Fees and State School Spending', 18.
- <sup>22</sup> Department for Education, 'Academic Year 2022/23: Schools, Pupils and Their Characteristics', Webpage, 2023.
- <sup>23</sup> Bridget Phillipson MP, 'Commons Debate on Fair Taxation of Schools and Education Standards Committee', n.d., HC Deb 11 January 2023 Vol 725 c570.
- <sup>24</sup> Claire Ellicott, 'Backlash Sparks Labour Rethink on "devastating" Private School Tax Hikes', *The Mail On Sunday*, 9 April 2023.
- <sup>25</sup> Department for Education, 'Transparency Data: Independent Special Schools and Post-16 Institutions', Webpage, 2024.
- <sup>26</sup> Jonathan Hetherington, 'Likely Exemptions for Some #SEND Children and Some Schools from Labour's VAT on School Fees Plans Are Discussed in Today's The Mail on Sunday', *LinkedIn*, April 2023.
- <sup>27</sup> Independent Schools Council, *ISC Census and Annual Report 2023* (London: ISC, 2023), 14.
- <sup>28</sup> Sally Weale, '180 Pupils a Day in England given Special Needs Support Plan', *The Guardian*, 21 June 2023.
- <sup>29</sup> Institute for Fiscal Studies, 'Tax, Private School Fees and State School Spending', 17.
- <sup>30</sup> Ibid., 18.
- <sup>31</sup> Private tuition supplied by an individual teacher and covering a 'regular' subject is exempt from VAT, while books are typically zero-rated for VAT purposes.
- <sup>32</sup> Poppy Wood, 'Labour Private School Tax Set to Squeeze Deprived Children out of Grammar Schools', *The i Paper*, 28 January 2024.
- <sup>33</sup> Ibid.