

**PRESS RELEASE**



[www.psn.org.uk](http://www.psn.org.uk)

**19 November 2008**

**PSNC reaches agreement with DH and HMRC on VAT treatment of pharmacy contractors' NHS income**

Following the significant increase in the Practice Payment from October 2008, PSNC has been working closely with the Department of Health and HMRC to revise the percentages used to apportion the payment for VAT purposes. PSNC is pleased to announce that the percentages used in the apportionment have been revised as follows:

Treatment	Element	Value to Sept 2008 script payments	Value from Oct 2008 script payments
Standard Rated	Disposal of Medicines, Signposting	10% of Practice Payment	4% of Practice Payment
Exempt	Promotion of Healthy Lifestyles, Support for Self-care	33% of Practice Payment	14% of Practice Payment
Zero Rated	Support for People with Disabilities	19% of Practice Payment	66% of Practice Payment
Outside Scope	Clinical Governance	38% of Practice Payment	16% of Practice Payment

This means that HMRC has agreed with PSNC and the DH that the extra funding delivered through the increased Practice Payment relates to core dispensing activity and so contractors' VAT liability will remain substantially unchanged. The percentages will next be revised in April 2009.

Mike Dent, PSNC Head of Finance, said: "We're pleased with this outcome. Pharmacy contractors should use this information when completing their VAT returns for payments received in respect of October scripts."

**-Ends-**

*For further information please contact the PSNC press office on 0207 618 9187 or at [psnc@luther.co.uk](mailto:psnc@luther.co.uk).*

## **Notes to Editors**

1. PSNC (The Pharmaceutical Services Negotiating Committee) is the body that represents community pharmacies in England and Wales on NHS matters.

2. Further details can be found on PSNC's website at <http://www.psn.org.uk/pages/vat.html>

*For further information please contact the PSNC press office  
on 0207 618 9187 or at [psnc@luther.co.uk](mailto:psnc@luther.co.uk).*