

VAT RELATED TASKS

1. SUMMARY

At the Audit Committee on 30 May I expressed my concern on the delay in completing an item raised by the Council's former external auditors PricewaterhouseCoopers. The issue relates to ensuring that VAT on Exempt Inputs does not exceed 5% of total VAT on inputs. If the 5% is breached, the Council would lose a significant sum in VAT recovery from Customs and Excise.

Ernst & Young have been assisting the Council to complete the calculation to arrive at the amount of VAT on exempt inputs for the year in question 2000/2001. This exercise has now been completed and the Council have not breached the 5% limit.

Further exercises will now be carried out to bring calculations up to date to the year 2002/2003 and a report on progress will be submitted to the Audit Committee in November.

2. RECOMMENDATION

The committee notes the completion of the point on VAT partial exemption for the year 2000/2001 raised by PricewaterhouseCoopers and instructs the Responsible Financial Officer to bring forward a progress report to the November meeting on bringing the exercise up to date.

Stewart McGregor
Director of Finance
30 June 2003
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