



Q1

When will VAT be imposed on school fees?

The Government have now announced that VAT will be applied to school fees from **1 January 2025**.

Q2

What rate of VAT will be imposed on school fees?

VAT will be charged at the standard rate of 20%.

Q3

Will VAT be charged on the boarding element of fees?

VAT would be applied to education, boarding and accommodation, as well as any extracurricular lessons such as music, drama or sports tuition.

Supplies deemed to be 'closely related' to education such as the supply of transport, catering, books and stationery would continue to be exempt from VAT.

Q4

Will VAT be imposed on fees that are billed to those living internationally?

VAT will be payable on all fees, whether a family is based in the UK or overseas.

Overseas parents may wish to speak to their financial adviser.

Q5

Can I still pay fees in advance without incurring VAT?

Although the legislative change will be effective from 1 January 2025, any fees paid from now onwards which are for the term starting 1 January 2025 will be subject to VAT.

We do not believe that those parents who have already paid fees in advance for terms commencing from 1 January 2025 onwards will be affected, however we await further advice on this.

We do still have our usual Fees in Advance scheme which allows parents to take advantage of a discount for paying multiple terms in advance (although VAT will now be applicable). If you would like an application form for the FIA scheme, please email billing@woldinghamschool.co.uk and we will send one to you.

Q6

Will the total cost of running the school be lower as Woldingham can now reclaim VAT on the costs incurred?

When VAT is introduced on school fees, we will be able to start reclaiming the VAT that we are charged on some of our costs, which will result in a decrease in the cost of running the school.

However, the biggest expense of the school is staff salaries, and other pay related items for which VAT is not applicable. These costs represent approximately two thirds of the total fees received.

In addition, the Government has also announced that they will remove the business rates charitable relief from April 2025, which

will increase the cost base of the school by approximately £500,000 each year.

Q7

What is Woldingham's position on adjusting the fees to absorb some of the effective increase due to VAT?

As a registered charity we do not generate profits for shareholders. All income is used for running and maintaining the school, though we do seek to maintain an annual surplus which is reinvested in the school, paying for improvements to the school's facilities.

Unlike some other independent schools, we do not have a large historical endowment, so major capital projects such as the new Sixth Form Centre and Library, which are intended to improve the experience for students at Woldingham, are reliant on this small surplus being invested annually to continue to improve the school's facilities.

We are reviewing our financial forecasts and will communicate again at the start of the academic year to outline any decision made on the effect on school fees from 1 January 2025. It is possible that the effect of being able to recover VAT on some costs can be used to offset potential inflationary increases in future years.

Q8

How will the introduction of VAT on fees affect bursaries?

We will continue to allocate money from school funds for bursaries and scholarships and our ability to do this is under constant review to ensure the financial sustainability of the school.

Money fundraised by the school specifically for bursaries, including the Jayne Triffitt Bursary programme, will continue to be ringfenced to pay for bursaries. We remain very grateful to our supporters, including

parents and alumnae, whose generosity enables these life changing bursaries to be offered.

Fundraised monies will not attract VAT and donors are able to claim tax relief on donated monies. The school is still able to claim Gift Aid on donations made by UK taxpayers, increasing the value of monies received for the bursary programme and other projects by 25% at no extra cost to the donor.

Q9

How will VAT work with scholarships?

VAT will be charged on the amount invoiced to the parent – i.e. if a scholarship provides a fee remission of 10%, VAT will be liable only on the 90% fees paid by the parent.

Q10

What support will be offered to those who cannot make immediate adjustments to be able to pay the additional VAT amount?

The school is aware that the introduction of VAT on school fees will leave some families in a difficult position. We do not want any of our students' time at Woldingham negatively impacted by the imposition of VAT and we will do what we can to help families in difficulty, but Woldingham does not have a large endowment like some other schools to call on. Some families have already been in touch about this and parents with concerns about the affordability of fees can contact the Director of Finance & Operations at bursar@woldinghamschool.co.uk.

To help with the challenge of the next few terms, we will be reviewing our contractual and fee-paying processes to allow parents as much flexibility as we are able. We will communicate further on this in due course.