



MAIDEN ERLEGH TRUST INSTRUMENT PURCHASE SCHEME

PURPOSE OF FORM

- *This form is intended to be used to support pupils in taking advantage of the Instrument Purchase Scheme, which supports young musicians by allowing them to purchase instruments VAT free, and is approved by HM Revenue & Customs.*
- *All transactions made under this special arrangement are open to scrutiny by the School or its auditors.*

STEP BY STEP GUIDE

1. *The pupil/parent selects the instrument required (probably identifying the supplier that they would expect to use and indicating that they expect the purchase to be by the school under the terms of the Instrument Purchase Scheme).*
2. *The parents ask the school whether they are prepared to participate in the scheme and for details of any administrative charge the school intends to make.*
3. *The parents should sign an agreement with the school before the instrument is ordered which includes a description of the instrument and its cost (therefore binding the parents to buy the instrument), details of delivery/collection arrangements, and a description of the rules of purchase.*
4. *The parents are invoiced by the school the EX-VAT amount plus any amount the school is adding as an administration charge.*
5. *Once the payment has been cleared, this can be by cheque or direct payment in to the school's bank account, the school places an order for the required instrument with the retailer identified by the pupil/parent.*
6. *The instrument is supplied together with a VAT-included invoice to the school.*
7. *The parent/pupil collects their instrument.*
8. *The school pays the invoice and reclaims the VAT element in the usual way.*

For more information about the Instrument Purchase Scheme, please contact the School Business Manager.



AGREEMENT FORM

INITIAL DETAILS:

Name, age and school year of pupil:	
Name/address of parent/guardian:	
Berkshire Maestros or school activities in which pupil participates:	
Full details of the instrument to be purchased:	
Brief justification of why the purchase of this instrument is necessary for the pupil's education (this is to meet HM Revenue & Customs eligibility criteria):	
Name and address of dealer from which instrument is to be purchased:	
Cost of instrument (for clarity please show ex VAT and VAT inclusive amounts separately):	

FOLLOWING AGREEMENT WITH THE SCHOOL:

Details of administration charge to be made by school:	£10 charge for administration
Total cost to be paid by parent (ex VAT cost of the instrument, plus any charge for administration agreed with the school):	
Details of delivery/collection of instrument agreed between parent and school:	



DECLARATIONS PRIOR TO PURCHASE:

Parent: I agree to abide by the rules of the Assisted Instrument Purchase Scheme. I understand I will receive an invoice from the school of the EX-VAT cost of the instrument, plus a £10.00 charge for administration. Once this is payment is cleared I understand the school will order the instrument on my behalf.

Signature of
parent/guardian:

Date:

**DECLARATIONS FOLLOWING SUCCESSFUL DELIVERY OF INSTRUMENT AND
COLLECTION BY PARENT:**

Parent: I have now collected the instrument and understand that the benefits of warranty/guarantee have been assigned to me by the school.

Signature of
parent/guardian:

Date:

School: The school has assigned the benefits of the warranty/guarantee to the parent.

Signature of school
representative (on
behalf of school):

Date:



HM REVENUE & CUSTOMS ELIGIBILITY CRITERIA

To comply with HM Revenue & Customs rules, the following criteria must be satisfied:

- The goods and services must be closely related to the education provided. This means that it must be for the direct use of the student and necessary for delivering the education to him or her.
- The pupil must receive education from Maiden Erlegh School.
- The goods or services required must be purchased from the school. This means that the school must hold title to the goods and transfer ownership to the parent, guardian or pupil purchasing them. However, within that, the delivery address and point of distribution of those goods is a matter for the school to determine.
- Payment for the goods must be made to the school, which will be paid into the school's official funds.
- Some evidence, e.g. order form, must be kept to show that the recipient of the goods and services has been receiving education from the school, and that what was supplied was essential to that education. The style of the order form can be tailored to the needs of the school.
- The price of the goods and services supplied must be at or below cost; this is to ensure there is no intention to make a profit. "Cost" means the full overhead-inclusive price of supplying the goods or services to the pupil and includes, for example, the costs associated in administering the AIPS scheme.
- In certain cases goods may be leased. In such cases the same rules as will apply as for sales.

Further Points

- Schools may wish to set a minimum value for instruments purchased through the scheme, as they may feel that the saving made on purchasing a cheap instrument does not warrant the administration involved.
- Schools may wish to make an administration charge to cover the costs of administering the scheme. In practice, some schools make such a charge, but others see the purchase as of wider benefit to the school (e.g. in anticipation that the pupil will use the instrument in school concerts etc) and elect not to make a charge. This is at the discretion of individual schools.
- As the school is selling the instrument to the parents, the school will be responsible for ensuring that the instrument ordered is fit for purpose, of suitable quality and with no defects when it arrives at the school. The supplier will have similar responsibilities to the school.
- As the school is the initial purchaser it will have the benefit of any warranty/ guarantee. Therefore the school will usually need to assign the benefit of this to the parents, so it will be necessary to check that the guarantee can be assigned with the supplier.

Further Information on the VAT arrangement

- Education provided by Academy schools is treated as a non-business activity and as such falls outside the scope of value added tax.
- All transactions made under this special arrangement are open to scrutiny by the school or its auditors.