

Frequently Asked Questions – VAT on School Fees

When might VAT on School Fees be introduced?

Labour have published no detailed plans as yet, but, if they win the general election, there is a chance that VAT will be imposed on school fees from April 2025 to coincide with a new tax year or from September 2025 to coincide with a new school year. With a July election, it may be possible that the policy could take effect even earlier. At this point, and until Labour publish any draft legislation, it is not clear whether VAT will be imposed just on school fees or also on ancillary educational costs.

Will the School be able to reclaim VAT on expenditure and pass this benefit on to parents?

The School has been reviewing the potential to reclaim VAT on its expenditure. If VAT is levied on school fees, we expect to be able to recover more of the VAT on the goods and services which we currently purchase. However, like all schools, by far our biggest area of expenditure is staff costs (in relation to teachers, teaching support staff, administrative staff, catering staff, cleaners, grounds maintenance staff, etc) on which VAT is not recoverable. Consequently, the potential to reclaim VAT on expenditure and pass this benefit on to parents is limited.

What does this mean for the overall cost of school fees?

The absence of any detail being provided by the Labour Party makes it impossible to give certainty at this point. Kent College is in a healthy financial position but, unlike some other independent schools, we do not have a large historic endowment generating a substantial annual income which could be used to supplement our fee income. We are therefore not able to simply absorb the VAT cost without significantly cutting the quality of our education in a way that would negatively impact the students. Details from the recent Baines Cutler Survey indicates that parental preference is, where possible, for us to split the VAT cost between making efficiencies and fee increases rather than simply reduce the offer.

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Can I pay fees in advance to avoid VAT?

Kent College has offered a 'fees in advance' option for many years. However, we can make absolutely no guarantee that legislation will not be introduced by Labour which would mean that fees, which have been paid in advance, will also become subject to VAT. In light of recent news, current thinking is that payment of fees in advance would need to be received before 5 July 2024. Please contact bursary@kentcollege.kent.sch.uk for more details about the fees in advance scheme.

What has the School been doing to try and influence Labour's policy?

Kent College, through its membership of various sector bodies such as ISC, GSA, HMC, BSA and iAPS, has been lobbying hard for some time in a difficult political, policy and media environment. For example, I attended an event at the Houses of Parliament last year to celebrate our partnership work in order to promote to MPs the positive impact that independent schools have in their local communities and beyond.

What is the School doing to reduce its costs?

The School has always been mindful of fee affordability and has closely managed its cost base. Over the last year, as the threat of VAT being imposed on school fees has become increasingly real, various strategy groups comprising the Executive team and Governors have been identifying, reviewing and implementing cost efficiencies without an adverse impact on the quality of education and facilities provided.

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