

Do you know the difference between business and non-business activities?

Many charities, philanthropic and voluntary bodies and other non-profit making organisations have non-business activities.

If you carry out non-business activities, it could affect the amount of VAT you can treat as input tax. So, it's important that you understand what business and non-business activities are.

For VAT purposes, 'business' means any activity which is mainly concerned with making supplies for a consideration.

What you need to do

HMRC wants to support customers to get their tax right first time.

Please [review our GOV.UK guidance](#) to decide whether your activities are 'business' for VAT purposes.

- Section 4.6 details the difference between business and non-business activities and provides examples of non-business activities.
- Section 32 details how to apportion tax between business and non-business activities.

This can be a complex area of tax and you may want to ask an adviser for help.

If you have non-business activities and have overclaimed input tax

Please let us know. You can find more information by reading [HMRC VAT Notice 700/45](#) – this explains how to notify HMRC of errors on previous VAT returns.

For more information on potential penalties, go to GOV.UK and search 'HMRC compliance checks factsheets', then choose 'Penalties'.