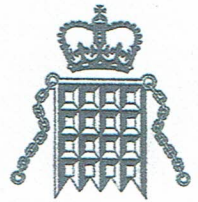


NATIONAL ADVICE SERVICE

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HM Customs and Excise
Business Services and Taxes

High Suffolk Community Transport Ltd
Timberley
Old School Road
Monk Soham
Woodbridge, IP13 7EN

Your ref

Our ref S 35454

16th August 2004

Dear Mr Garwood

Re: Reclaim of VAT on purchase of a bus

Thank you for your letter dated 11th August 2004.

Based on the information provided I can offer the following advice.

It appears that you will be purchasing the bus to provide a zero-rated supply of passenger transport services in accordance with Item 4, Group 8, Schedule 8 of the VAT Act 1994. This means that provided you are providing the bus and driver together, you will be able to reclaim the VAT charged to you as you are making a taxable supply.

For the purposes of VAT, zero-rate is seen as a positive rate of VAT, as opposed to exempt, hence you will be able to reclaim the VAT.

I hope this answers your question.

Yours faithfully

Steve Cooper