Department of Finance
Advice note for Departments

Guidance on ... handling your annual staff events in uBASE

This note provides guidance on the financial management of annual, all staff events such as Christmas parties, summer barbeques, and other similar annual departmental events. This note does NOT cover one-off events, for example to mark major contract awards, staff leaving or retirement celebrations, or events which are not open to all staff in your department or team. Guidance on staff leaving or retirement celebrations is here.

What to consider

The first consideration is to decide whether catering for your event will be provided by the University Accommodation and Campus Services, or whether you will be booking an external event supplier.

The second thing to think about is whether or not your Department will pay for the full cost of the event, or if you will be asking members of staff to contribute to the cost.

Staff events are covered by both of the following regulations:

1. University Financial Regulations, which state that:
   - The cost per head (to the University) must be no more than £50.00.
   - More than one staff event may be held if the total annual cost per head (to the University) is no more than £50.00.

2. HMRC Regulations, which state that:
   - If the event does not meet both of the conditions noted below then the cost per head (to the University) of the event is deemed to be a benefit in kind, resulting in individual employees incurring both income tax and NIC charges under PAYE. To avoid this happening the event needs to qualify for tax exemption by:
     i) Being an annual and recurring event (such as a Christmas party or summer barbecue)

     **AND**

     ii) Be open to all employees (at the University ALL means all employees in the Department)
How to pay, and record your event in uBASE

If you are requesting staff contributions to the cost of the event, irrespective of the supplier or venue, then you must contact the Assistant Finance Manager for your Academic Department or Professional Services Department to request a new 'X project account'.

If you are NOT requesting any contribution from staff then all purchases for the event should be charged to the Departmental Cost Centre which is funding the event. If you are only charging a very nominal staff contribution (eg £1 for £25 per head cost) please contact the Tax Team to discuss the implications.

1) For costs and income for an event where Accommodation and Campus Services are providing the catering (regardless of venue)

a) The costs of the event on an internal trade requisition are charged to the Departmental Cost Centre from which the department's financial contribution to the event is being made.
   - The cost (debit) appears as a charge to the Cost Centre
   - There is no VAT on this transaction (see VAT codes below).

b) If you are asking staff to make a contribution then this is classed as income to the University, because it has supplied a service to the employee, and this income is subject to VAT (see VAT codes below).
   - The cash receipts should be credited to a new 'X project account' set up for this purpose.
   - The 'X project account' is credited with the net amount of the income (after VAT has been deducted).

c) When the event is complete your Finance Manager will arrange for the necessary transfers between the Cost Centre and the 'X project account' before closing the 'X project account' down. This will leave a nil balance on the Project Code and the net cost of the event (after any staff contributions if received) remains charged against the relevant Cost Centre.

2) For costs and income for an event where an external supplier is providing the catering and/or venue (can include University venues)

a) The costs of the event are requisitioned and charged to the Departmental Cost Centre from which the department's financial contribution to the event is being made.
   - The cost (debit) appears as a charge to the Cost Centre
   - The net cost only is charged as the VAT on the costs is treated as fully recoverable (see VAT codes below).

b) If you are asking staff to make a contribution then this is classed as income to the University, because it has supplied a service to the employee, and this income is subject to VAT (see VAT codes below).
   - The cash receipts should be credited to a new 'X project account’ set up for this purpose.
   - The ‘X project account’ is credited with the net amount of the income (after VAT has been deducted).

c) When the event is complete your Finance Manager will arrange for the necessary transfers between the Cost Centre and the 'X project account' before closing the 'X project account' down. This will leave a nil balance on the Project Code and the net cost of the event (after any staff contributions if received) remains charged against the relevant Cost Centre.
Which VAT code to use for your purchase(s)

Full VAT coding advice can be found on the VAT web pages including the A-Z of VAT queries and which codes to use. If you need any advice then contact the Tax Team.

If the University pays for the event in full AND catering is provided by Accommodation and Campus Services

**Expenditure:**
- Internal Trade costs – use VAT code XA
- Any external purchases (eg music hire) – VATable use code M4/non-VATable Mo

If staff make a contribution to the cost of the event AND catering is provided by Accommodation and Campus Services

**Expenditure:**
- Internal Trade costs – use VAT code XA
- Any external purchases (eg music hire) – VATable use code M2/non-VATable Mo

**Income:**
- Staff contributions – use VAT code Z1

If the University pays for the event in full AND catering and/or the venue is provided by an external supplier

**Expenditure:**
- VATable costs – use VAT code M4
- Non-VATable costs – use VAT code Mo

If staff make a contribution to the cost of the event AND catering and/or the venue is provided by an external supplier

**Expenditure:**
- VATable costs – use VAT code M2
- Non-VATable costs – use VAT code Mo

**Income:**
- Staff contributions – use VAT code Z8

Useful links for additional guidance

VAT and Tax Exemption issues – contact the Tax Team.

Project accounts and cost centres – contact the Assistant Finance Manager for your Academic Department or Professional Services Department.

Guidance on paying in income.