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## Notice 701/32

# Burial, cremation and the commemoration of the dead

January 2006

This notice cancels and replaces Notice 701/32 (February 2003). Details of any changes to the previous version can be found in paragraph 1.2 of this notice.

### Further help and advice

If you need general advice or more copies of HM Revenue & Customs notices, please ring the **National Advice Service** on **0845 010 9000**. You can call between 8.00 am and 8.00 pm, Monday to Friday.

If you have **hearing difficulties**, please ring the **Textphone** service on **0845 000 0200**.

If you would like to speak to someone in **Welsh**, please ring **0845 010 0300**, between 8.00 am and 6.00 pm, Monday to Friday.

All calls are charged at the local rate within the UK. Charges may differ for mobile phones.

### Other notices on this or related subjects:

- 700 The Vat Guide
- 701/10 Printed and similar matter
- 701/36 Insurance
- 706 Partial exemption
- 708 Buildings and construction
- 709/3 Hotels and holiday accommodation
- 742 Land and property
- 742A Opting to tax land and property
- 744B Freight transport and associated services

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## **1. Introduction**

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### **1.1 What is this notice about?**

This notice explains the VAT liability of:

- funeral services;
- burials and cremations;
- goods and services connected with the commemoration of dead people;
- other goods and services connected with organising funerals; and
- other activities relating to the disposal of the remains of the dead, including transport of a dead body.

### **1.2 What's changed?**

This notice replaces the February 2003 edition, the content of which has been generally updated and rewritten to improve readability.

You can access details of any changes to this Notice since January 2006 either on our Internet site at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) or by telephoning our National Advice Service on 0845 010 9000.

This notice and others mentioned are available both on paper and on our website.

### **1.3 Who should read this notice?**

You should read this notice if you are:

- a funeral director;
- an undertaker;
- a monumental mason;
- a cemetery manager;
- a crematorium operator; or
- any other business that provides goods or services connected with the storage, transportation, disposal or commemoration of the dead.

Although local authorities may be involved in making some of the supplies covered in this notice, they are subject to special rules. If you are responsible for the VAT affairs of a local authority, you should read this notice in conjunction with Notice 749 *Local Authorities and similar bodies*.

### **1.4 What law covers this notice?**

This notice is covered by the VAT Act 1994:

Section 31 provides that a supply is exempt if it is specified in Schedule 9 to the Act.

Schedule 9, Group 8, items 1 and 2 provide exemption for –

- the disposal of the remains of the dead; and
- the making of arrangements for or in connection with the disposal of the remains of the dead.

## **2. VAT liability**

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### **2.1 What services are exempt from VAT?**

In general, the following services are exempt from VAT:

- the disposal of the remains of dead people;
- the making of arrangements for or in connection with the disposal of the remains of dead people; and
- the services of one undertaker to another in connection with a specific funeral.

### **2.2 Disposal of the remains of the dead**

This usually means either burial or cremation and includes burial at sea.

### **2.3 Is the burial or cremation of animals exempt from VAT?**

No. The burial or cremation of animals is standard-rated.

### **2.4 Recovering VAT**

You are normally entitled to deduct the input tax on costs that you incur which relate to taxable supplies you make or intend to make. You cannot normally deduct input tax where the VAT costs you incur relate to your exempt supplies.

If your input tax relates to both taxable and exempt supplies, you can normally deduct only the amount of input tax that relates to your taxable supplies. Further information on this is in Notice 706 *Partial exemption*.

### 3. Supplies made by undertakers and funeral directors

#### 3.1 Funeral Packages

The following goods and services are exempt from VAT when provided by an undertaker or funeral director as part of a funeral package that includes the disposal of the remains of the dead:

- supply of a coffin;
- the cover and fittings for a coffin;
- the casket or urn;
- embalming;
- the digging, preparation and refilling of graves;
- the transport of the deceased to the burial ground or crematorium;
- a shroud or robe;
- use of a chapel of rest;
- provision of bearers;
- transport of mourners in your limousines; and
- bell tolling and music at the funeral service.

#### 3.2 Services provided after the release of a dead body to the bereaved

The following services supplied by undertakers and funeral directors are always exempt from VAT **provided** the dead body has been released from the mortuary to the bereaved family to arrange the funeral:

- embalming;
- use of a chapel of rest;
- digging, preparation and the refilling of graves; and
- burial or cremation; and
- the interment of ashes.

Exemption under these circumstances will apply regardless of whether the service is provided direct to the bereaved or to a third party, such as another undertaker or funeral director.

#### 3.3 Other supplies

The following table gives the VAT liability of other supplies you may make as an undertaker or funeral director.

Supply	VAT liability
Selling coffins, urns, shrouds or embalming fluid	Standard-rated (unless provided by an undertaker as part of a funeral package – see paragraph 3.1)
Flowers, wreaths, announcement cards and other commemorative items	Standard-rated
Newspaper announcements	Standard-rated
Hire of hearse with driver from one undertaker to another	Exempt
Hire of limousine with driver from one undertaker to another for the transport of mourners as part of the funeral	Exempt
Hire of vehicle with driver to an undertaker by someone who is not an undertaker	Standard-rated
The hire of a hearse or limousine without a driver	Standard-rated

Supply	VAT liability
Catering	Standard-rated (see Notice 709/3 <i>Hotels and holiday accommodation</i> )
Fees payable to Registrars for certified copies of death certificates	Outside the scope of VAT
Fees payable to churches for ministers' services	Outside the scope of VAT
Orders of service for use in funeral commemorative services	Zero-rated (see Notice 701/10 <i>Printed and similar matter</i> )
Agency services	Standard-rated
Services aimed at checking customer satisfaction	Standard-rated

### 3.4 Accounting for VAT on a package that contains both standard-rated and exempt elements

When you supply a package for a single price that consists of both standard-rated and exempt elements, you should apportion the price of the package between the standard-rated and exempt supplies (see Notice 700 *The VAT Guide*).

For example, if you provide ...	then you must apportion the package between the ...
a funeral package comprising goods and services listed in paragraph 3.1 (such as the coffin, transport of the deceased to the cemetery, provision of bearers, etc), together with flowers and a headstone	supply of the goods and services listed in paragraph 3.1, which are exempt from VAT, <b>and the</b> – supply of the flowers and headstone, which are standard-rated.

### 3.5 Prepayments and funeral plans

Many people pay for their funeral in advance, to safeguard their estate from the effects of inflation. As funeral directors cannot legally accept advance payments for a funeral, individuals must either take out a trust-based plan or a whole life insurance policy.

#### Trust-based plans

The participant will pay the plan provider, either by a lump sum or in instalments, for a funeral package of a given standard. On the death of the plan holder, the plan provider will pay the nominated funeral director for the funeral as specified in the plan.

The payment to the funeral director is exempt under Group 8 to the extent that the package is for an exempt supply. If the plan covers any standard-rated elements, such as a headstone, the funeral director will need to apportion the payment accordingly (see Notice 700 *The VAT Guide*).

Although the funeral plan eventually pays for the funeral, the sale of a plan to an individual is not “the making of arrangements for or in connection with the disposal of the remains of the dead” within the scope of the Group 8 exemption. This is because the agent is merely providing an introductory service and arranging financial transactions between that individual and a third party. Therefore any payment that an agent receives for recommending a trust-based plan to an individual and making the necessary arrangements is standard-rated.

#### Whole life insurance policies

The provision of life insurance is exempt from VAT under the VAT Act 1994, Schedule 9, Group 2. This exemption also covers the services of an intermediary in arranging for the provision of insurance. You can find out more about such supplies in Notice 701/36 *Insurance*.

The following table covers the VAT liability of payments and supplies made in connection with funeral plans.

Supply	VAT liability	
	Trust-based plan	Life insurance plan
Payment from plan provider to nominated funeral director - on death of customer - for burial or cremation	Exempt (Group 8)	Exempt (Group 8)

Supply	VAT liability	
	Trust-based plan	Life insurance plan
Payment from plan provider to nominated funeral director - on death of customer - for a funeral package of different liabilities	The funeral director must apportion the payment between the exempt (Group 8) and standard-rated supplies (see Notice 700 <i>The VAT Guide</i> )	The funeral director must apportion the payment between the exempt (Group 8) and standard-rated supplies (see Notice 700 <i>The VAT Guide</i> )
Deposit or advance payment made by plan provider to nominated funeral director for a funeral package of different liabilities	Generally to be apportioned on same basis as whole package	Generally to be apportioned on same basis as whole package
Payments made by individual to a plan provider	Outside the scope of VAT	Exempt (Group 2) (see Notice 701/36 <i>Insurance</i> )
Management fee charged by plan provider	Standard-rated	Not applicable
Agent's fee for selling a plan	Standard-rated	Exempt (Group 2) (see Notice 701/36 <i>Insurance</i> )
Payment by deceased's estate to nominated funeral director to cover shortfall	Exempt (Group 8) to the extent that it relates to exempt elements of the package	Exempt (Group 8) to the extent that it relates to exempt elements of the package
Charges for cancelling or amending plan	Standard-rated	Not applicable

### 3.6 Can I treat any money I receive as disbursements?

If you pay third parties such as ...	for goods or services as the ...	you may be able to ...
<ul style="list-style-type: none"> <li>newspaper publishers;</li> <li>hotels; or</li> <li>caterers</li> </ul>	agent of your client <b>and</b> you recharge your client for the precise amounts paid out	treat these payments as disbursements for VAT purposes and exclude them when you calculate any VAT due on your main supply to your client.

For more information on the treatment of disbursements see Notice 700 *The VAT Guide*.

## 4. Cemeteries and crematoria

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### 4.1 Cemetery and crematorium services

The following supplies are **exempt** from VAT:

- burial (including reburial) and cremation;
- interment of ashes;
- digging, preparation and refilling of a grave;
- supplying an urn or casket in connection with a particular funeral;
- brick, block or concrete lining of a grave when constructed as a requirement of the cemetery management (or in the case of a churchyard, the church authorities) where, for example, the soil is unstable;
- any interest in, right over or licence to occupy land within the meaning of the VAT Act 1994, Schedule 9, Group 1 (unless you have elected to waive exemption - see Notice 742A *Opting to tax land and property*). This includes the right to any grave space, or the right to place an urn in a niche (see Notice 742 *Land and property*); and
- the exhumation of a body that is reburied elsewhere at the behest of the bereaved.

The following supplies are not exempt from VAT and are standard-rated:

- charges for erecting, working on, or repairing monuments within a cemetery or crematorium;
- any interest in, right over or licence to occupy land on which you have elected to waive exemption (see Notice 742A *Opting to tax land and buildings*). This includes the right to any grave space, or the right to place an urn in a niche;
- goods and services in connection with the commemoration of dead people (see section 5); and
- exhumation services not connected with reburial to another site.



## **5. Commemorating dead people**

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### **5.1 Goods and services in connection with commemorating the dead**

Goods or services connected with the commemoration of the dead are generally standard-rated. Examples include:

- the supply of memorial headstones;
- erecting, repairing or maintaining memorial headstones;
- inscribing services for headstones, plaques or other commemorative items;
- flowers and wreaths;
- planting trees or rosebushes;
- memorial vases and seats;
- plaques including services of fixing them;
- placing 'In Memoriam' announcements in newspapers; and
- recording entries in books of remembrance.

### **5.2 Removing or re-fixing memorial headstones to allow further burial**

This service is exempt, as is any incidental cleaning of the headstone. However, adding a further inscription to the memorial headstone is standard-rated.

### **5.3 Memorial buildings**

The construction of a new building and work to an existing building is normally standard-rated. There are, however, various exceptions to this explained in Notice 708 *Buildings and Construction*.

## 6. Transporting dead people

### 6.1 How do I treat services of transporting a dead person in the UK?

If you are an undertaker transporting a dead person ...	then this is ...
to a burial ground or crematorium as part of a funeral (whether you supply this service to the bereaved family or to another undertaker)	exempt from VAT
to an undertaker or funeral director who will provide the funeral	exempt from VAT
from a school, university or research institution to a burial ground or crematorium	exempt from VAT
to a public mortuary	standard-rated

### 6.2 Transportation of a dead person to or from another country

If you transport a body between the UK and another country, you should apply the same VAT rules as those for transporting goods. The following table explains the VAT treatment of such a service.

If you, as a UK supplier, are transporting a dead person ...	then your supply is ...
from the UK to another -member State of the European Union (EU) <b>and</b> your customer is registered for VAT in the UK, <b>or</b> your customer is not registered for VAT or does not give you a valid EU VAT number	standard-rated.
from the UK another member State - of the EU <b>and</b> ; your customer is registered in a member State, other than the UK, <b>and</b> ; gives a valid EU VAT registration number	outside the scope of UK VAT. Your customer must account for VAT under the "reverse charge" procedure.
from another member State of the European Union (EU) to the UK	outside the scope of UK VAT and you may be responsible for accounting for VAT in the member State, <b>unless</b> - your customer is registered for UK VAT, in which case your supply is standard-rated.
between the UK and a place outside the EU	zero-rated to the extent the supply takes place in the UK. You are not required to account for VAT on any part of this supply.

Please note there are special rules for intra-EU freight transport between member States and the Azores and Madeira.

For more information on international and intra-EU freight transport services, see Notice 744B *Freight transport and associated services*.

### 6.3 Bringing human remains to the UK from overseas

There is no import VAT or acquisition tax due when a coffin containing a dead body or an urn containing ashes is brought into the UK from overseas. The same rules apply to flowers and wreaths accompanying the coffin or urn.

## Do you have any comments?

We would be pleased to receive any comments or suggestions you may have about this notice. Please write to:

**HM Revenue & Customs  
Property VAT Team CT & VAT Product and Process  
Room 3E/12, 100 Parliament Street]  
LONDON  
SW1A 2BQ**

Please note this address is **not for general enquiries**. You should ring our National Advice Service about those.

## If you have a complaint or suggestion

If you have a complaint please try to resolve it on the spot with our officer. If you are unable to do so, or have a suggestion about how we can improve our service, you should contact one of our Regional Complaints Units. You will find the telephone number under 'Revenue & Customs' or under 'Customs and Excise' in your local telephone book. Ask for a copy of our code of practice 'Complaints and putting things right' (Notice 1000). You will find further information on our website at <http://www.hmrc.gov.uk>.

If we are unable to resolve your complaint to your satisfaction you can ask the Adjudicator to look into it. The Adjudicator, whose services are free, is a fair and unbiased referee whose recommendations are independent of HM Revenue & Customs.

You can contact the Adjudicator at:

**The Adjudicator's Office  
Haymarket House  
28 Haymarket  
LONDON  
SW1Y 4SP**

**Phone: (020) 7930 2292**  
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E-mail: [adjudicators@gtnet.gov.uk](mailto:adjudicators@gtnet.gov.uk)  
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