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Guidance

Burial, cremation and commemoration of the dead

(VAT Notice 701/32)

Find out about the VAT liability of funeral services and other activities relating to the disposal of the remains of the dead.

From:

HM Revenue & Customs (<https://www.gov.uk/government/organisations/hm-revenue-customs>)

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Detail

This notice cancels and replaces Notice 701/32 (January 2006). Details of any changes to the previous version can be found in paragraph 1.2 of this notice.

1. Overview

1.1 Information in this notice

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
- other activities relating to the disposal of the remains of the dead, including transport of a dead body

1.2 Changes to this notice

This notice replaces the January 2006 edition, the content has been generally updated.

1.3 Users 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
- 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 (<https://www.gov.uk/government/publications/vat-notice-749-local-authorities-and-similar-bodies>).

1.4 Laws covered by this notice

Section 31 of the VAT Act 1994 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 both the:

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

2. VAT liability

2.1 Services that 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
- 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 Burial or cremation of animals

The burial or cremation of animals is standard-rated.

2.4 Recover 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 VAT Notice 706: partial exemption (<https://www.gov.uk/government/publications/vat-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, urn or scatter tube
- 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 limousines
- 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 that the dead body has been released from the mortuary, if it has been necessary to come into contact with one, to the bereaved family to arrange the funeral:

- embalming
- use of a chapel of rest
- digging, preparation and the refilling of graves
- burial or cremation
- 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, headstones and other commemorative items	standard-rated
Newspaper announcements	standard-rated
Hire of hearse with driver by an undertaker or funeral carriage master	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 in other circumstances	standard-rated
The hire of a hearse or limousine without a driver	standard-rated
Catering	standard-rated (see VAT Notice 709/3: hotels and holiday accommodation (https://www.gov.uk/government/publications/vat-notice-7093-hotels-and-holiday-accommodation))
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 VAT Notice 701/10: zero-rating of books and other forms of printed matter (https://www.gov.uk/government/publications/vat-notice-70110-zero-rating-of-books-and-other-forms-of-printed-matter))
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 elements (see VAT Notice 700: the VAT guide (<https://www.gov.uk/government/publications/vat-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 and so on), together with flowers and a headstone	supply of the goods and services listed in paragraph 3.1, which are exempt from VAT, and the supply of the flowers and headstone, which are standard-rated.

3.5 Payments that can be treated 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">- newspaper publishers- hotels- caterers	agent of your client and you recharge your client for the precise amount 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 VAT Notice 700: the VAT guide (<https://www.gov.uk/government/publications/vat-notice-700-the-vat-guide>).

4. Prepayments and funeral plans

4.1 Introduction

Many people pay for their funeral in advance, to safeguard their estate from the effect 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.

4.2 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.

4.2.1 Supplies by plan providers

As a plan provider, the nature of the supplies you make will depend on whether you are acting as agent or principal. VAT Notice 700: the VAT guide (<https://www.gov.uk/government/publications/vat-notice-700-the-vat-guide>) contains guidance to help you decide whether you are an agent or principal.

If you act as principal (that is, you are contractually responsible for delivering the funeral to the plan holder’s estate), then the entire sum paid by the individual into the plan is consideration for your supply of a funeral package. You should apportion the payment between exempt elements of the package (such as the coffin, transport of the deceased to the cemetery, provision of bearers and so on), and standard-rated elements such as flowers and headstones.

If you act as agent (that is, the contract for the delivery of the funeral is between the funeral director and the plan holder and your role is to facilitate this arrangement), then any administration or other fee you charge is standard-rated. Any remaining amount that is held in trust is treated as a disbursement (outside the scope of VAT) until it is eventually released to pay for the funeral director’s services.

4.2.2 Supplies by funeral directors

As a funeral director, the payment you receive for providing the funeral is exempt to the extent that the plan covers exempt supplies. If the plan covers any standard-rated supplies, such as a headstone, you will need to apportion the payment accordingly (see VAT Notice 700: the VAT guide (<https://www.gov.uk/government/publications/vat-notice-700-the-vat-guide>)).

4.2.3 Commission for selling plans

Funeral directors and other parties may receive commissions or marketing fees for selling trust-based prepayment plans. Such fees are standard-rated.

4.3 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 VAT Notice 701/36: insurance (<https://www.gov.uk/government/publications/vat-notice-70136-insurance>).

4.4 Summary of the VAT treatment of funeral plans

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	
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 VAT Notice 700: the VAT guide (https://www.gov.uk/government/publications/vat-notice-700-the-vat-guide))	The funeral director must apportion the payment between the exempt (Group 8) and standard-rated supplies (see VAT Notice 700: the VAT guide (https://www.gov.uk/government/publications/vat-notice-700-the-vat-guide))
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	<p>If plan provider is acting as agent - outside the scope of VAT</p> <p>If plan provider is acting as principal - to be apportioned between the exempt and standard-rated elements of the funeral package</p>	Exempt (Group 2) (see VAT Notice 701/36: insurance (https://www.gov.uk/government/publications/vat-notice-70136-insurance))
Management fee charged by plan provider	<p>If plan provider is acting as agent - standard-rated</p> <p>If plan provider is acting as principal - to be apportioned between the exempt and standard-rated elements of the funeral package.</p>	Not applicable
Agent's fee for selling a plan	Standard-rated	Exempt (Group 2) (see VAT Notice 701/36: insurance (https://www.gov.uk/government/publications/vat-notice-70136-insurance))

Supply	VAT liability	
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

5. Cemeteries and crematoria

5.1 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 opted to tax - see VAT Notice 742A: opting to tax land and buildings (<https://www.gov.uk/government/publications/vat-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
- the exhumation of a body that is reburied elsewhere at the behest of the bereaved
- the supply of a cremation certificate (form 4, 5 or 10) by a doctor
- the removal of a pacemaker from the deceased prior to cremation

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, except where the removing or refixing of memorial headstones is necessary to allow further burial
- any interest in, right over or licence to occupy land which you have opted to tax (see VAT Notice 742A: opting to tax land and buildings (<https://www.gov.uk/government/publications/vat-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)

- exhumation services not connected with reburial to another site

6. Commemorating dead people

6.1 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
- recording entries in books of remembrance

6.2 Removing or re-fixing memorial headstones to allow further burial

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

6.3 Memorial buildings

The construction of a new building and work to an existing building is normally standard-rated. But there are various exceptions to this explained in VAT Notice 708: buildings and construction (<https://www.gov.uk/government/publications/vat-notice-708-buildings-and-construction>).

7. Transporting dead people

7.1 Transportation of a dead person within the UK

If you are an undertaker or a funeral carriage master 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

7.2 Repatriation packages supplied by undertakers

If you are an undertaker or business that specialises in repatriation and you supply a repatriation package consisting of goods and services that are normally provided by undertakers, your supply will be exempt from VAT to the extent that it consists of the supply of:

- goods and services covered by paragraphs 3.1 and 3.2 (for example, coffin, embalming, use of chapel of rest)
- services of obtaining documents and permits necessary to repatriate the deceased
- transportation of the deceased to burial ground, crematorium or to another undertaker

The place of supply is where your customer (that is, the person with whom you contract) belongs if your customer is 'in business' (for example, an insurance company or undertaker) and receives the services otherwise than wholly for private purposes.

If your customer is a private individual, such as a member of the deceased's family, the place of supply is where you belong.

For further information, including guidance on how to determine whether a customer is 'in business', see VAT Notice 741A: place of supply of services (<https://www.gov.uk/government/publications/vat-notice-741a-place-of-supply-of-services>).

7.3 International transportation supplied by airlines and other carriers

If, as an airline or other general purpose carrier, you transport a body between the UK and another country, you should apply the same VAT rules as those for transporting goods. A summary is below. For further information, see VAT Notice 744B: freight transport and associated services (<https://www.gov.uk/government/publications/vat-notice-744b-freight-transport-and-associated-services>).

7.3.1 Supplies to business customers

If you transport a body for an insurer, undertaker or other business customer, the place of supply, from 1 January 2010, is where the customer belongs for the purposes of receiving your supply. It does not matter where you are transporting the dead body to or from.

For example:

If you transport a dead person for an insurer, undertaker or other business customer, and your customer belongs	then, the place of supply of your services is	and
In the UK	UK	your supply will be zero-rated if you transport the dead person from a place within the UK to a place outside of the UK (or from a place outside of the UK to a place within the UK). Otherwise, it will be standard-rated. You should account for VAT in the UK.
Outside the UK	outside of the UK	the supply is outside the scope of UK VAT

7.3.2 Supplies to non business customers

If you supply your transport services to a private individual, such as a relative of the deceased, the place of supply is as follows:

If you transport a dead person for a private individual and	then
The transportation is from the UK to a third country (or the other way around)	the place of supply is where the transportation is performed in proportion to the distances covered. The supply is zero-rated to the extent that it takes place in the UK. You may have to register for VAT in those countries.

7.3.3 If the place of supply is outside the UK

If the place of supply is outside the UK then the supply is outside the scope of UK VAT and there is no VAT liability within the UK. But you will be able to recover any input tax incurred in making the supply, subject to the normal rules. Further information on input tax can be found in VAT Notice 700: the VAT guide (<https://www.gov.uk/government/publications/vat-notice-700-the-vat-guide>). You may have a liability to VAT register in EU member states where you make the supplies.

7.4 Bring human remains to the UK from overseas

There is no import VAT or acquisition tax (if you are operating under the Northern Ireland protocol) 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.

Your rights and obligations

Your Charter explains what you can expect from us and what we can expect from you. For more information go to Your Charter (<https://www.gov.uk/government/publications/your-charter>).

Help us improve this notice

If you have any feedback about this notice please email: customerexperience.indirecttaxes@hmrc.gsi.gov.uk.

You'll need to include the full title of this notice. Don't include any personal or financial information like your VAT number.

If you need general help with this notice or have another VAT question you should phone our VAT Helpline (<https://www.gov.uk/government/organisations/hm-revenue-customs/contact/vat-enquiries>) or make a VAT enquiry (<https://www.tax.service.gov.uk/shortforms/form/VATGenEnq?dept-name=&sub-dept-name=&location=47>) online.

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Find out how HMRC uses the information we hold (<https://www.gov.uk/government/organisations/hm-revenue-customs/about/personal-information-charter>) about you.

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Last updated 31 December 2020 + show all updates

1. 31 December 2020

This page has been updated because the Brexit transition period has ended.

2. 30 January 2012

First published.

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Related content

- VAT Burial and Cremation (<https://www.gov.uk/hmrc-internal-manuals/vat-burial-and-cremation>)
- Bespoke VAT retail schemes (VAT Notice 727/2) (<https://www.gov.uk/guidance/bespoke-vat-retail-schemes-notice-7272>)
- Travel agents (VAT Notice 709/6) (<https://www.gov.uk/guidance/travel-agents-and-vat-notice-7096>)
- Applying the correct VAT liability on residential domestic service charges (VAT information sheet 07/18) (<https://www.gov.uk/guidance/applying-the-correct-vat-liability-on-residential-domestic-service-charges-vat-information-sheet-0718>)
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