



'Contract Restructuring'... A Case Study

VAT Group Registration offers significant business efficiencies and financial benefits for a national care group.



Before Restructuring:

A national care group with multiple regional sites and operating a variety of care services. At the time of engagement, the group sought to streamline their management and financial structures to increase business efficiencies.

The complexity and ever-changing structure of care operations meant the group had several separate purchase ledgers and different billing systems resulting from bolt on acquisitions (a set up that many care providers will identify with). Various care home managers were dealing with contract management queries and negotiations for residents in each home, and therefore management charges were flowing between different businesses within the same group causing potential VAT liabilities. And as with most care operators, the group was VAT exempt so unable to reduce costs by reclaiming indirect tax charges.

How we helped:

The group engaged with us to help organise their company structure based on the commercial rationale of maximising business efficiencies across the group whilst providing the vehicle for ongoing and retrospective VAT reclaim to increase financial sustainability.

We restructured the group to create just 1 purchase ledger and 1 sales ledger resulting in increased efficiency and cost savings brought about by economies of scale.

With the VAT Solutions team on hand to deal regularly with LA/CCG queries and negotiations regarding resident contracts, the increased efficiency and streamlining of contract management/administration meant care home managers were released from the management of care contracts to focus on and develop the care of residents.

VAT Group Registration removed any VAT liabilities on management charges between VAT group members as well as providing ongoing indirect tax recovery across the entire care group.

VAT Solutions operate as a specialised team providing a knowledgeable and equipped resource which increases the sharing of best practice when dealing with VAT returns as well as supporting the care groups own finance team.

Furthermore, the increased cost savings from ongoing VAT reclaims has increased the long-term financial stability of the business and enabled the development of care services across the group.

To find out more about the benefits of VAT Group Registration/ 'Contract Restructuring' for your care provision, contact **Emma Harrison** at **VAT Solutions** email: emma@vatsol.com Tel: **0114 280 3630**