
[0.0.0] Revised Pharmacists Scheme for VAT

1. Introduction

The operation of the community pharmacist has changed over recent years particularly in relation to the Primary Care Reimbursement Services (PCRS) where the ingredient costs shown on statements do not reflect actual costs to the pharmacists, particularly for Zero-rated goods. In addition, the value of goods that pass across the counter on a daily basis exceeds the value of receipts recorded on the Electronic Point of Sales (EPOS) systems and many pharmacies do not have the required functionality to complete their VAT return from the EPOS reports. These factors have led to discussions between Revenue and the Irish Pharmacy Union (IPU) in relation to a revised Pharmacists Scheme for VAT that better reflects how pharmacies operate.

2. The Revised Pharmacists Scheme for VAT

The revised Pharmacists Scheme is for use by pharmacies whose annual Vatable turnover is less than €1.5 million. The scheme operates by marking-up purchases for resale at the positive VAT rates to arrive at corresponding sales at these positive VAT rates. Pharmacists will have PCRS statements that provide sales details for a significant portion of their turnover. The correct operation of the scheme is dependant on the accuracy of the mark-up percentages applied to purchases and each pharmacy must ensure that mark-ups used are a true reflection of value and volume of that pharmacy business.

The IPU has developed a spreadsheet together with a guide to completing the spreadsheet that allows pharmacies to complete their VAT return by populating the spreadsheet with PCRS, purchases and sales information. The spreadsheet and the guide can be downloaded from the IPU website (<http://www.ipu.ie/about-the-ipu/ipu-vat-scheme.html>). The scheme has Revenue approval for use from 1 September 2012.

3. General

Pharmacies must be in a position to satisfy themselves (and Revenue if required) that the Scheme operates in a manner that calculations of VAT liability include all sales and purchases. In addition, Pharmacies that use an EPOS system are required to keep a record of each payment received and the EPOS system must maintain a complete record of each entry on that system including a sequential number that uniquely identifies the entry, together with the date and time of such entry. (see Revenue Information Leaflet *Cash Registers* on <http://www.revenue.ie/en/tax/vat/leaflets/cash-registers.html>)