

may have prompted recovery. If structural and functional intestinal abnormalities can be reversed by protein feeding in a larger group of patients who have not received folic acid one form of tropical malabsorption will have been finally separated from the rest.

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V.A.T.

On 1 April 1973 the Government intends to replace purchase tax and selective employment tax by a value added tax. The wide-ranging nature of the new tax, which covers services as well as all stages in the production and sale of goods, means that health services could be affected. However, in its reference to health in the Green Paper on V.A.T.¹ the Government suggests that some relief from the tax might be needed. "For example, doctors could be exempted and arrangements could be made to relieve from tax services and drugs provided by the National Health Service." The B.M.A. has been discussing the situation with H.M. Customs and Excise², and the Council at its recent meeting (*Supplement*, 11 December, p. 63) considered a report from a special working party which looked not only at the possible effects of the tax on the N.H.S. and private practice but also at its implications for the Association.

V.A.T. is a taxation system developed in France and adopted by the Common Market and the Scandinavian countries. The method of assessing and collecting it tends to conceal the true effect of the tax, which, broadly speaking, is charged at a given rate on the sales made by a business. However, the tax contained in business purchases (having been charged to suppliers) is repaid to the business. So each quarter businesses send up forms showing the amount of their sales and the tax due on them, the amount of their purchases and the tax credit due from them, and hence the net tax payable—plus a cheque.

The effect of this method of charging V.A.T. is that tax paid by sellers exactly cancels out tax credited to purchases until there is a final sale to a non-taxpayer. As final sales are either to consumers or to people who are exempt from V.A.T., it is in fact a tax on consumption. It is thus rather similar to purchase tax, though, unlike purchase tax, it does

not stop at the wholesale stage but taxes the value added by retailers as well.

The interesting question for the health services is how relief from V.A.T. might be given. There are basically three ways. Firstly, merchandise or service might be subjected to less than the full rate of V.A.T. Secondly, it might be exempt—that is the trader pays tax on his purchases but he cannot get the normal V.A.T. credit because he is out of the V.A.T. system. Thirdly, it might be put on a zero rate of tax which, in theory, is the best solution because the trader gets back the tax credits on his purchases, but is not liable to any V.A.T. on his sales. Food and exports are to be zero-rated. Zero rate status, however, does force the trader into the administrative effort of filling forms if he wants to reclaim. Because of the form-filling problem the Government is to allow all traders and professional men with annual "sales" below a certain level—probably £5,000—to be exempt from the tax.

The tax should present no problems to N.H.S. hospitals as their expenses are paid by the Government and hospital doctors by salary. General practitioners, as independent contractors, are responsible for providing the equipment and the services to run their practices and are in a rather different position from the hospitals. The V.A.T. in doctors' purchases and expenses for their N.H.S. practices will be largely taken care of by the Inland Revenue's annual sample of family doctors' income tax returns, by which permissible N.H.S. expenses are fixed and returned in the gross remuneration. Rent and rates and salaries of ancillary staff will probably not be liable to V.A.T., but in any case are in whole or in part reimbursed directly by the Government. So general practitioners doing N.H.S. work should be able to enjoy the effect of being zero rated, with the absence of forms that is an advantage of exemption.

Drugs bought under the N.H.S. are paid for by the Health Service so this should create no difficulties. Private medicine will be largely exempt as the total of annual fees for most doctors engaged in it would be less than the small trader upper limit. However, doctors buying equipment would, if they were exempt, be paying unrecoverable V.A.T. on it as well as on other expenses incurred in their private practice. So if only exemption is granted, doctors doing private practice either full or part-time would not escape V.A.T.

For this reason it was sensible of Council—after its debate on the working party's report—to propose "That medical services (whether private or N.H.S.) should be exempt from Value-added Tax but those doctors who wish to be within the scope of the tax should be allowed to register (as taxable persons) with the tax authorities if it would be to their advantage." The Council also decided to seek exemption for the B.M.A. on the grounds that it was a professional body representing doctors.

¹ *Value-added Tax*, Cmnd. 4621. London, H.M.S.O. 1971

² *British Medical Journal Supplement*, 1971, 4, 25.

Muscular Quivering

"Muscular quivering" was how R. T. Williamson¹ defined the term "myokymia" when newly introduced at the turn of the century.² The motor unit, a concept developed by C. S. Sherrington³ as a result of his work on the reflex activity of the spinal cord, provides the basis for our understanding