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VAT – REDUCED RATE OF 5%

The government made an announcement on 8 July 2020 allowing VAT registered businesses to apply a temporary 5% reduced rate of VAT to certain supplies relating to:

- / hospitality
- / hotel and holiday accommodation
- / admissions to certain attractions

The temporary reduced rate will apply to supplies that are made between 15 July 2020 and 12 January 2021.

Reduced rate for hospitality, holiday accommodation and attractions

Hospitality

If you supply food and non-alcoholic beverages for consumption on your premises, for example, a restaurant, café or pub, you're currently required to charge VAT at the standard rate of 20%. However, when you make these supplies between 15 July 2020 and 12 January 2021 you will only need to charge 5%.

You will also be able to charge the reduced rate of VAT on your supplies of hot takeaway food and hot takeaway non-alcoholic drinks.

More information about how these changes apply to your business can be found in Catering, takeaway food (VAT Notice 709/1). See: <https://www.gov.uk/guidance/catering-takeaway-food-and-vat-notice-7091>

Hotel and holiday accommodation

You will also benefit from the temporary reduced rate if you:

- / supply sleeping accommodation in a hotel or similar establishment
- / make certain supplies of holiday accommodation
- / charge fees for caravan pitches and associated facilities
- / charge fees for tent pitches or camping facilities

More information about how these changes apply to your business can be found in Hotels and holiday accommodation (VAT Notice 709/3). See: <https://www.gov.uk/guidance/hotels-holiday-accommodation-and-vat-notice-7093>

VAT on admission charges to attractions

If you charge a fee for admission to certain attractions where the supplies are currently standard rated, you will only need to charge the reduced rate of VAT between 15 July 2020 and 12 January 2021.

However, if the fee you charge for admission is currently exempt that will take precedence and your supplies will not qualify for the reduced rate.

This applies to:

- / shows
- / theatres
- / circuses
- / fairs
- / amusement parks
- / concerts
- / museums
- / zoos
- / cinemas
- / exhibitions
- / similar cultural events and facilities

Examples of where the reduced rate may apply could be attractions such as:

- / a planetarium
- / botanical gardens
- / studio tours
- / factory tours

More information about how these changes apply can be found in VAT: Admission charges to attractions.

See: https://www.gov.uk/guidance/vat-on-admission-charges-to-attractions?utm_source=b70c8e4c-efcb-4e66-a3aa-6dbc482ad5f6&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate