



COVID-19: VAT rate reduction for the hospitality industry

The government has announced a temporary cut in the VAT rate to 5% of certain supplies of hospitality, hotel, holiday accommodation and admission to certain attractions. The changes take effect from 15 July 2020 and are expected to last until 12 January 2021.

The following supplies will benefit from the temporary 5% reduced rate of VAT:

Supplies of food and non-alcoholic beverages sold for on-premises consumption, for example, in restaurants, cafes and pubs.

Supplies of hot takeaway food and hot takeaway non-alcoholic beverages.

Supplies of sleeping accommodation in hotels or similar establishments, holiday accommodation, pitch fees for caravans and tents, and associated facilities.

Admissions to the following attractions also benefit from the new 5% rate:

- Theatres
- Circuses
- Fairs
- Amusement parks
- Concerts
- Museums
- Zoos
- Cinemas
- Exhibitions
- Other types of cultural events and facilities not listed



Please note that some of the above admission charged are not subject to VAT in any event, if covered by the existing VAT exemption for qualifying cultural services.

Things businesses need to consider:

- Changes to VAT accounting in the middle of a VAT return period
- Potential changes to pricing
- Changes to invoices and receipts, online bookings and menus!
- Deposits paid prior to the VAT rate change, where VAT has already been accounted for
- There are also anti avoidance rules to consider, that apply to prevent advantage being taken by taxpayers of a VAT rate change

How can we help?

Please contact your usual Lubbock Fine contact, or our VAT director, Jas Dhillon (jaspaldhillon@lubbockfine.co.uk) to discuss further.

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