

VAT: reduced rate for hospitality, holiday accommodation and attractions

In an urgent response to the coronavirus (COVID-19) pandemic to support businesses severely affected by forced closures and social distancing measures, the government made an announcement on 8th 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 15th July 2020 and 12th January 2021**.

Hospitality

If a business supplies food and non-alcoholic beverages for consumption on their premises, for example, a restaurant, café or pub, the businesses is currently required to charge VAT at the standard rate of 20%. However, when the business makes these supplies between 15th July 2020 and 12th January 2021, it will only need to charge VAT at 5%.

Businesses will also be able to charge the reduced rate of VAT on 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 \(VAT Notice 709/1\)](#).

Hotel and holiday accommodation

Businesses will also benefit from the temporary reduced rate if they:

- 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 \(VAT Notice 709/3\)](#).

Admission to certain attractions

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

However, if the fee charged by the business for admission is currently exempt that will take precedence and the business supplies will not qualify for the reduced rate.

More information about how these changes apply to your business can be found in [VAT: Admission charges to attractions](#).

This applies to businesses that make supplies of admissions that are currently taxable at the standard rate. This includes shows, theatres, circuses, fairs, amusement parks, concerts, museums, zoos, cinemas, exhibitions and 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

It does not include any supplies that are exempt under [Items 1 or 2 of Group 13 of Schedule 9 to VAT Act 1994](#).

The temporary reduced rate does not apply to admission to [sporting events](#).

This temporary reduced rate only applies to admission fees. However, where goods are part of the admission fee and are incidental to the main supply, the whole supply is eligible for the temporary reduced rate.

Further information can be found in [paragraph 8.1 of VAT guide: VAT Notice 700](#).

Live online performances

If an admission fee is charged to view an online live performance (not a pre-recorded event), this may be eligible for the temporary reduced rate of VAT. This depends on the circumstances in each case and is subject to the fee not already being covered by the [Cultural VAT exemption](#).

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	<p>When considering the correct VAT liability, you should also check the HMRC Public Notice 741A 'Place of Supply of Services', which also includes links to relevant guidance on digital services.</p>
The Flat Rate Scheme	<p>If you are a small business and use the Flat Rate Scheme to simplify your VAT calculations you should be aware that certain percentages have been reduced in line with the introduction of the temporary reduced rate of VAT.</p> <p>More information can be found in VAT Flat Rate Scheme.</p>
The Tour Operators Margin Scheme	<p>If you are a business that buys in and resells travel, accommodation and certain other services, and you act in your own name, you may operate the Tour Operators Margin Scheme to simplify your calculations.</p> <p>Further information about how the introduction of the temporary reduced rate of VAT will affect your calculations can be found in Tour Operators Margin Scheme (VAT Notice 709/5).</p>
Accounting for supplies that straddle the temporary reduced rate	<p>In most cases, you will simply account for VAT at 5% for supplies made between 15th July 2020 and 12th January 2021.</p> <p>However, there may be situations where you receive payments or issue invoices before 15th July 2020 for supplies that take place on or after 15th July 2020.</p> <p>More information about this can be found in sections 30.7.4 to 30.9.2 of VAT guide (VAT Notice 700).</p>
Link	<p>See links below:</p> <p>Vat-reduced-rate-for-hospitality-holiday-accommodation-and-attractions</p> <p>Vat-on-admission-charges-to-attractions</p>

COVID-19 Support: 9.7.20

ASM is geared to continue operating at full capacity at present and are therefore available to assist your needs. We will continue to monitor the ongoing situation to provide our clients with the information we consider will support them and may benefit them at this time.

However, if you have any specific queries that you need assistance with, please do not hesitate to contact our offices and you will be directed to the appropriate person for help.

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