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ALLENACCOUNTS

TEMPORARY VAT REDUCTION TO 5% - HOSPITALITY AND LEISURE SECTORS

The Government has now published the details of the VAT rate changes announced in the Chancellor's Summer statement last week.

As a reminder **a reduced 5% rate of VAT applies from today (15 July 2020) until 12 January 2021** on certain supplies made in the hospitality industry, along with hotels, holiday accommodation and admissions to some attractions.

HMRC has now published a list of supplies that will benefit from the temporary reduction.

FOOD AND DRINK

The reduced 5% rate of VAT applies on supplies of:

1. hot and cold food for consumption on the premises on which they are supplied
2. hot and cold **non-alcoholic drinks** for consumption on the premises on which they are supplied
3. hot takeaway food for consumption off the premises on which they are supplied
4. hot takeaway **non-alcoholic drinks** for consumption off the premises on which they are supplied

However, any supplies of food and drink that are supplied as part of a supply

of catering services for consumption off-premises remain standard rated.

The intention is that supplies of food and drink to the public that would otherwise attract VAT at 20% will now, temporarily, be taxable at the reduced 5% rate in an effort to kickstart the economy.

Full details may be found at:

<https://www.gov.uk/guidance/catering-takeaway-food-and-vat-notice-7091>

HOTELS AND SIMILAR ACCOMMODATION

The reduced 5% rate of VAT applies to:

1. supplies of sleeping accommodation in a hotel or similar establishment
2. certain supplies of holiday accommodation
3. fees for caravan pitches and associated facilities
4. fees for tent pitches or camping facilities

Full details may be found at:

<https://www.gov.uk/guidance/hotels-holiday-accommodation-and-vat-notice-7093>

ADMISSIONS TO ATTRACTIONS

The reduced 5% rate of VAT applies on entrance to:

- Theatres
- Circuses
- Fairs
- Amusement parks
- Concerts
- Museums
- Zoos
- Cinemas
- Exhibitions
- Similar cultural events and facilities

One notable exception to the rule is admission to sporting events which remain standard rated.

Organisations currently able to exempt admission fees under the cultural exemption rules will continue to exempt their supplies.

Full details may be found at:

<https://www.gov.uk/guidance/vat-reduced-rate-for-hospitality-holiday-accommodation-and-attractions>

The Flat Rate Scheme

New flat rate percentages will shortly be published for small businesses operating in the relevant sectors who account for VAT via the Flat Rate Scheme.

The Allens Team



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