
Reduced VAT during the Covid-19 Pandemic

Stage 1: Applies 15 July 2020 – 30 September 2021
Stage 2: Applies 1 October 2021 – 31 March 2022

August 2021

Issued by the Chief Accountant's Team.

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03000 421447

Introduction

HMRC have introduced temporary reduced VAT rates on certain supplies and services during the Covid 19 pandemic.

Stage 1: A reduced rate of **5% VAT between 15 July 2020 and 30 September 2021**

Stage 2: A reduced rate of **12.5% VAT between 1 October 2021 and 31 March 2022**

What is included?

The reduced rate of VAT applies to certain supplies relating to:

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

Hospitality

The reduced rates apply to:

- hot and cold food and non-alcoholic beverages that are consumed on the supplier's premises, e.g. in a restaurant or pub.
- hot takeaway food and hot takeaway non-alcoholic beverages that are to be consumed away from the supplier's premises, e.g. a takeaway coffee that will be drunk in the street

The supply of catering is NOT included in the reduced rate scheme. For example, the supply of a buffet for an event will be subject to the standard rate of VAT.

Hotels and holiday accommodation

The reduced rates apply to provision of sleeping accommodation in:

- hotels
- inns
- boarding houses and similar establishments
- grant of a license to occupy holiday accommodation and charges for:
- seasonal pitches for caravan holidays - including supplies of facilities provided in relation to the occupation of the pitches
- pitches for tents and camping facilities

The rules change if a guest is staying for 28 consecutive nights or more. Please contact the Chief Accountant's Team for guidance if this occurs.


Admission fees to attractions

The reduced rates apply to the admission fee for shows, theatres, circuses, fairs, amusement parks, concerts, museums, zoos, cinemas, exhibitions, similar cultural events and facilities.

How to record the VAT


The VAT indicator for **5%** VAT is the letter '**G**'

Net Amount			VAT Ind
£	p		
			G



The VAT indicator for **12.5%** VAT is the letter '**N**'

Net Amount			VAT Ind
£	p		
			N



How to calculate the VAT

When VAT needs to be added

Method	Example 5%	Example 12.5%
Net amount x VAT % rate = VAT	£300 x 5% = £15 VAT	£300 x 12.5% = £37.50 VAT

When VAT has been included

Example 5%	Example 12.5%
Gross amount / 21 = VAT	Gross amount / 9 = VAT
£300 / 21 = £14.29 VAT	£300 / 9 = £33.33 VAT

Further advice and guidance

If you require any further assistance please see the [Financial Support and Planning](#) page on Kelsi or contact:

Schools Financial Services – TEP schoolsfinancialservices@theeducationpeople.org
03000 415415

Finance Chief Accountant's Team Enquiries - ST CATenquiriesKCC@kent.gov.uk
03000 421447

The official guidance on the temporary reduction can be found on the [HMRC website](#)