

Reduced rate of VAT for hospitality

Effective from 15 July 2020 until 31 March 2021

New VAT rules now apply to food sold at pubs, restaurants and similar premises. **This is a temporary measure, but has been extended until 31 March 2021.**

The new rules effectively turn the VAT treatment in the opposite direction, potentially making it cheaper for food to be consumed on a premises, rather than being taken away.

Most items are going to need **two VAT rates**, and it is conceivable that some sales will attract three different rates, for example a beef burger, a pint of beer and a cake being taken away to consume off the premises.

Takaway

This is defined as food and drink consumed off the premises. Where there is a large site, the definition of takeaway will still apply if food and drink is not consumed in a café or restaurant or seating areas generally reserved for customers at that outlet (but not necessarily restricted to those customers).

Takeaway includes items bought in holiday parks and zoos where food and drink are **not** consumed within an eating establishment, such as a restaurant or café.

Sales	VAT
Hot food and hot drinks (not including alcohol)	5%
Hot pasties and pies that have been kept in a heated container	5%
Alcohol	20%
Sweets, chocolate and most snacks	20%
Chocolate covered biscuits	20%
Cold drinks (not including milkshakes)	20%
Ice cream	20%
Milkshakes	0%
Cold food (salads, sandwiches, rolls, fruit, etc.)	0%
Hot food that has been freshly baked, such as pasties and pies	0%
Cakes and biscuits (not including chocolate covered biscuits)	0%

Eat In

This is defined as food and drink eaten inside the premises or outside on tables and chairs provided by the business for their customers.

This includes restaurants, pubs, cafés and similar establishment in holiday parks, zoos and other similar venues.

Note: If the customer states they will eat in, but leave after purchasing, the reduced rate still applies.

Sales	VAT
All food and drinks, both served hot and cold (but not including alcohol)	5%
All snacks and confectionery sold in pubs if they are consumed on the premises	5%
Alcohol	20%