**The Temporary 5% VAT Rate**

**Basic Outline**

* The Government are reducing certain VAT rated supplies down from the 20% standard rate down to a 5% temporary rate.
* It covers the period from 15th July 2020 to 12th January 2020.
* Aimed at the hospitality, hotel and holiday accommodation sectors as well as admissions to certain attractions.

**Food and drink**

The temporary rate can apply to:

* The supply of food and non-alcoholic drinks for the consumption on the business premises such as pubs, cafes, restaurants and similar establishments.
* The supply of hot takeaway food and hot (non-alcoholic) takeaway beverages.

The temporary rate does **not** apply to:

* Alcoholic drinks. The supply remains standard rated.
* Any supplies of odd and drinks that are supplied as part of a supply of catering services for consumption off the premises. The supply remains standard rated.

**Hotel and holiday accommodation**

The temporary rate can apply to:

* The provision of sleeping accommodation in hotels, inns, boarding houses, B&Bs, private residential clubs, hostels, serviced flats (other than those for permanent residential use).
* The supply of seasonal pitches for caravans, including supplies of facilities provided in relation to the occupation of the pitches.
* The provision of pitches for tents and camping facilities.

**Admission to certain attractions**

The temporary rate can apply to:

* Admission fees to attractions like theatres, museums, fairs, zoos, amusement parks, shows, studio tours, factory tours, cultural events.
* If the main supply is the admission fee and there is an incidental supply included as well, the whole supply will attract the temporary reduced rate.

Please note:

* If the admission fee is currently VAT exempt that takes precedence over the temporary measure.

**Other issues to note**

* If you are using the Flat Rate Scheme then certain percentages within the Scheme will be reduced by HMRC to take account of the temporary measure.
* The temporary reduced rate will have an impact on those business using the Tour Operators Margin Scheme