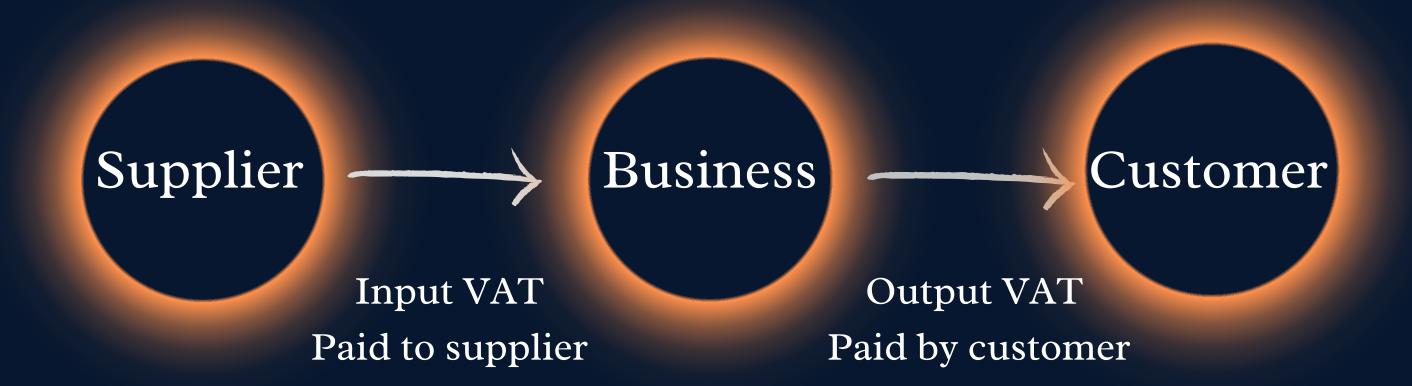
Guide to...VAT CODES



VAT Due = Output VAT - Input VAT



You usually charge standard rate of VAT (currently 20%) on most goods & services.

Use standard rate unless the goods and services you sell are classed as reduced or zero-rated.

Some goods and services are completely exempt from VAT.

These include services from doctors and dentists, education and training, insurance, bank charges, postage and stamps.

You charge the reduced VAT rate at 5%.

This applies to goods and services like some health products, fuel, heating and car seats for children.

Zero-rated goods and services include most food, books and clothes for children.

Other examples include, travel, parking, subsistence, subcontractors (who aren't VAT registered).

Some goods and services are outside the VAT tax system ('out of scope') so you cannot charge or reclaim VAT.

E.g. payments to
HMRC, drawings/
dividends by
directors/
shareholders, wages,
pension payments.

The No VAT code doesn't show up on the VAT return.

