

The United Kingdom left the European Union on 31 January 2020. As part of its Brexit Withdrawal Agreement, it will remain inside the EU VAT regime until 31 December 2020. During this time, there will be no changes to UK VAT rules, treatment of transactions or filings. Read Avalara's free 2020 Brexit guide for details on Brexit VAT and customs issues.

While the UK is obliged to follow the VAT compliance rules of the European Union, it has more freedom to set its own rates, including the standard (upper) VAT rate. Suppliers of goods or services VAT registered in UK must charge the appropriate VAT rate, and collect the tax for onward payment to the UK tax authorities through a VAT filing.

#### United Kingdom Covid-19 VAT rate changes

United Kingdom has brought forward tax cuts and considers temporary UK VAT rate cut to help support businesses and consumers during the Coronavirus pandemic crisis.

Hospitality and tourism including restaurants; cafes; pubs (excluding alcohol); hospitality; hotels; B&B's; home rental; caravan and tent sites; hot take away food; theatres; circuses; amusement parks; concerts; museums; zoos; cinemas; and exhibitions. Note: served alcoholic drinks will not benefit from the cut.

20% (old rate) 5% (new rate) 15 Jul 2020 (start date) 31 Mar 2021 (end date)

#### UK VAT rates

0%: Zero rate - Some social housing; printed books (including e-books); newspapers and periodicals; renovations to private housing (Isle of Man only); collections of domestic refuse; household water supplies (except distilled and mineral water); supplies of food and drink (some exceptions); take away food (if bought on the catering premises); cut flowers and plants for food production; prescribed pharmaceutical products; certain medical supplies for disabled persons; domestic passenger transport; children's clothing and footwear; children's diapers; live animals destined for human consumption; seed supplies; supply of animal feed; supplies of residential caravans and houseboats; some construction work on new buildings; some supplies of new buildings; sewerage services; motor cycle and bicycle helmets; commercial ship and aircraft stores; intra-community and international passenger transport; some gold ingots, bars and coins, women's sanitary products.

5%: Reduced rate - Children's car seats; certain social housing; some social services; electricity, natural gas and district heating supplies (for domestic use only); some energy-saving domestic installations and goods; LPG and heating oil (for domestic use only); some renovation and repairs of private dwellings; some medical equipment for disabled persons.

20%: Standard rate - All other taxable goods and services.