

# admiral

T A V E R N S

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## INDUSTRY ACCOUNTANT COMMENTARY

Brought to Admiral courtesy of **drjaccountants**  
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**As at July 17<sup>th</sup> 2020**

### 5% VAT RATE

From 15th July 2020 the rate of VAT will be cut from 20% to 5% on eat in or takeaway food and non-alcoholic drinks from pubs, restaurants, cafes. The 5% rate will remain in place until 12th January 2021.

Make sure that your tills are updated to reflect the new rate of VAT on food, non-alcoholic drinks and accommodation sales.

Pricing – if you want to make more money on your non-alcoholic, food and accommodation sales by not passing on the VAT cut to the customer you must ensure that your new retail price is the same as it was before the VAT rate change.

**Remember - Tea and Coffee are treated as food sales and will be subject to 5% VAT.**

To ensure that your VAT return is correct and your VAT liability is minimised from 15th July we need to be able to identify the split between non-alcoholic wet sales (5% VAT) and alcoholic wet sales (20% VAT). Where possible you should create a separate category of sales for Non Alcoholic Drinks to appear on your Z read.

### **Non-Alcoholic Drinks**

The new 5% VAT rate applies to non-alcoholic drinks only. All alcoholic drinks remain standard rated at 20% VAT. But **what about the mixer in a spirit?**

The VAT rate to be applied to the mixer/tonic comes under the Single and Multiple Supply ruling:

- In the case of a G&T – If a price is advertised and sold as one e.g. G&T £4.75, it is a single supply therefore all at standard rate i.e. 20% VAT.

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- If it is advertised as Gin £2.95 and Tonic £1.80 therefore sold separately then it is a multiple supply so the items can be treated separately for VAT purposes providing that both the gin and the tonic are rung through the till separately. The reduced rate of 5% VAT can therefore be applied to the tonic.
- However, in the case where there may be two transactions recorded on the till/customer receipt but the item is advertised as one (e.g. G&T £4.75 on an advertising board/price list) it is still classed as a single supply.

### Crisps and Nuts

Crisps and nuts are standard rated for VAT.

**When sold for consumption in the pub they qualify for the new reduced rate of 5% as the new VAT rate applies to all food (hot and cold) sold in the pub.** It should be remembered though that when it comes to food consumed away from the pub i.e. takeaway food, it is only hot takeaway food that qualifies for the 5% VAT rate hence crisps and nuts sold as takeaway would be 20% VAT.

## EAT OUT TO HELP OUT

The Government “Eat Out to Help Out” Scheme is now open for registration.

The first claims cannot be done until 7<sup>th</sup> August and registration can be done any time before 3<sup>rd</sup> August.

If you intend to register for the scheme and are a SOLE TRADER then you use the same Government Gateway Account details used for your Self Employed Income Support Grant Applications.

For further details on how the scheme is designed to operate then please see the link below:

<https://www.gov.uk/guidance/register-your-establishment-for-the-eat-out-to-help-out-scheme>