

PRE-BUDGET REPORT 2009

VAT MEMO 2009-2010

Newsletter Issue 2

December 2009

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The Chancellor stated in his Pre-Budget Report that apart from the pre-announced rate increase he would make “no other changes in VAT”. Often there are hidden surprises in the HMRC documentation that accompanies the Chancellor’s speech but not this time.

Rate increase and the flat rate scheme

See VM ¶¶4635, ¶9979

As expected, the standard rate of VAT will revert to 17.5% on 1 January 2010. One effect of this will be to increase the percentages used under the flat rate scheme. HMRC have taken the opportunity to amend some of these rates slightly to reflect up-to-date business data. The rates from 1 January 2010 are shown below.

Category of business	Appropriate percentage
Accountancy or book-keeping	13
Advertising	10
Agricultural services	10
Any other activity not listed elsewhere	10.5
Architect, civil and structural engineer or surveyor	13
Boarding or care of animals	10.5
Business services that are not listed elsewhere	10.5
Catering services including restaurants and takeaways	11
Computer and IT consultancy or data processing	13
Computer repair services	9.5
Dealing in waste or scrap	9.5

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Rate increase and the flat rate scheme cont...

Category of business	Appropriate percentage
Entertainment or journalism	11
Estate agency or property management services	10.5
Farming or agriculture that is not listed elsewhere	6
Film, radio, television or video production	11.5
Financial services	12
Forestry or fishing	9.5
General building or construction services ¹	8.5
Hairdressing or other beauty treatment services	11.5
Hiring or renting goods	8.5
Hotel or accommodation	9.5
Investigation or security	10.5
Labour-only building or construction services ¹	13
Laundry or dry-cleaning services	10.5
Lawyer or legal services	13
Library, archive, museum or other cultural activity	8.5
Management consultancy	12.5
Manufacturing fabricated metal products	9.5
Manufacturing food	8
Manufacturing that is not listed elsewhere	8.5
Manufacturing yarn, textiles or clothing	8
Membership organisation	7

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Rate increase and the flat rate scheme cont...

Category of business	Appropriate percentage
Mining or quarrying	9
Packaging	8
Photography	10
Post offices	4.5
Printing	7.5
Publishing	10
Pubs	6
Real estate activity not listed elsewhere	12.5
Repairing personal or household goods	9
Repairing vehicles	7.5
Retailing food, confectionary, tobacco, newspapers or children's clothing	3.5
Retailing pharmaceuticals, medical goods, cosmetics or toiletries	7
Retailing that is not listed elsewhere	6.5
Retailing vehicles or fuel	6
Secretarial services	11.5
Social work	10
Sport or recreation	7.5
Transport or storage, including couriers, freight, removals and taxis	9
Travel agency	9.5
Veterinary medicine	10

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Rate increase and the flat rate scheme cont...

Category of business	Appropriate percentage
Wholesaling agricultural products	7
Wholesaling food	6.5
Wholesaling that is not listed elsewhere	7.5

1. "Labour-only building or construction services" means building or construction services where the value of materials supplied is less than 10 per cent of relevant turnover from such services; any other building or construction services are "general building or construction services".

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