

VAT CHEAT-SHEET FOR COFFEE SHOPS

WHEN TO CHARGE VAT AND ON WHAT

	SIT-IN	TAKE-AWAY
HOT	STANDARD RATE	STANDARD RATE
COLD	STANDARD RATE	ZERO RATE

GENERAL RULES

1. SIT-IN FOOD AND DRINK IS ALWAYS STANDARD RATED
2. HOT FOOD AND DRINK IS ALWAYS STANDARD RATED
3. FOOD AND DRINK THAT IS COLD AND TO TAKE-AWAY IS ZERO RATED UNLESS IT WOULD NORMALLY BE STANDARD RATED ANYWAY

ITEMS THAT ARE ALWAYS STANDARD RATED

- SOFT DRINKS
- BOTTLED WATER
- POTATO CRISPS
- ICE CREAM
- SWEETS
- CHOCOLATES
- KOMBUCHA
- POPCORN
- CEREAL BARS

ITEMS THAT CAN BE ZERO-RATED (UNLESS HOT OR TO SIT-IN)

- SANDWICHES
- TRAY BAKES
- SALADS
- CROISSANTS
- PASTRIES
- FRUIT
- COFFEE BEANS, TEA BAGS & DRINKING CHOCOLATE FOR HOME PREPARATION

THE FLAT RATE VAT SCHEME

- If your turnover including VAT is less than £150,000 per year, you could register for the Flat Rate Scheme for VAT.
- Rather than paying over VAT on sales and reclaiming VAT on purchase, you pay VAT at a rate of 12.5% of your total gross sales (11.5% for the first year on the scheme)
- If you buy any equipment, machinery, furniture or capital items costing more than £2,000 you can still reclaim the VAT on these whilst on the Flat Rate Scheme
- You can stay on the scheme until your turnover goes above £230,000 per year



ADRIAN MARKEY
CHARTERED ACCOUNTANT