



VAT GUIDANCE LIST

Not Vatable-common exempt and zero-rated items

	Status
Wages and salaries outside the scope of VAT – Freelancers – check their individual status	
Postage – (Post Office receipts may feature VAT number) Postage is exempt, Parcelforce not exempt	Exempt
Insurance and investments (including all pensions)	Exempt
Medical services and supplies	Exempt
Utilities – depending on supply, can be zero, reduced (5%) or standard rate, check supplier invoice	Zero-rated/5%/20%
Commercial rent – exempt or standard rate depending on status of property, check with landlord	Exempt or 20%
Residential rent	Exempt
Travel - (including flights, train, tube, bus)	Exempt
Taxis – most taxis are not VAT registered, unless on account like Addison Lee so get VAT receipt	Not VAT Reg
Subscriptions to professional bodies	Exempt
Magazines, newspapers & books (e-books are subject to 20% VAT)	Zero-rated 0%
Some Food (excluding hot takeaway food, alcohol, confectionary, crisps, savoury snacks, sports drinks, food made by caterer, ice cream, soft drinks, mineral water), get VAT receipt where possible	Zero-rated 0%
Young children's clothing and footwear	Zero-rated 0%
Entertaining clients and staff (food, drinks or events) – (excluding staff annual parties which are allowable for VAT)	Not allowable
Charitable Donations (outside scope of VAT), charitable events, fundraising and entry fees	Exempt/Zero-rated 0%
International services (review where subject to the reverse charge)	Zero-rated 0%
Brochures, leaflets and pamphlets (generally-excluding specific types so ask for VAT receipt)	Zero-rated 0%

This is a list of the most common items that are not subject to the full standard rate of VAT. The list is not exhaustive and advice should be taken if you are unsure of anything. This applies to costs incurred and services and sales made to your clients.

<u>Typical Vatable Expenses – goods and services for business use supported by UK VAT invoices</u>	Status
Professional Services (dependant on whether supplier VAT registered) Web design, branding, advertising IT Technician costs/repairs and maintenance Accountancy/bookkeeping costs Legal fees Most other business services	Standard rated 20%
Telephone and Internet (dependant on % business use) Business telephone/mobile phone purchase price and service plan Internet/broadband	Standard rated 20%
Direct costs to business Purchase of raw materials (within UK), manufacturing Digital products unless provided by overseas supplier Most goods and services – see invoices in case not VAT registered Purchases on behalf of clients	Standard rated 20%
Travel and Subsistence Taxi – where service is VAT registered Hotel costs (within UK) – as per VAT receipt Hot food, catering costs and subsistence when away from place of business	Standard rated 20%
Equipment costs Computers, printers and other hardware costs Office furniture and equipment, including fit out costs Set up costs Repair and maintenance costs to business premises and equipment Equipment hire	Standard rated 20%
Gas and Electricity Fuel for business use is usually standard rated – VAT amount will be stated on invoice Maintenance services Utilities for business purposes are usually standard rated	Varied See previous chart
Stationery Most office equipment and stationery Printing costs although some can be zero-rated	Standard rated 20%
Software costs Cloud and desktop software (unless supplier overseas)	Standard rated 20%
Training and Development Courses and workshops depending supplier and if VAT registered	Standard rated 20%

NB: Always make sure you have a VAT receipt and claim the VAT as per that invoice. Invoices should be addressed to the VAT registered business, where applicable.