

VAT Guidelines for Petty Cash Managers

Basic Principles of VAT

VAT is a tax on consumer expenditure and will be charged on all supplies of goods and services where the person or company supplying is VAT registered (called a taxable person) and where that person makes the supply in the course of their business – unless that supply is exempt from VAT (see below).

Rates of VAT



Currently in the UK, there are three rates of VAT:

1. The standard rate of 20%
2. The reduced rate of 5%
3. The zero rate.

Invoices



Valid VAT invoices must contain certain particulars in order for any VAT to be reclaimed. These particulars are different where the total amount of consideration is above £250, in which case the invoice would be termed a full VAT invoice.

However, where the supplies are made by retailers and the total amount of consideration does not exceed £250, the particulars that are required on a VAT invoice in order for VAT to be reclaimed are as follows:

1. The name, address and VAT registration number of the supplier;
2. The time of the supply, i.e. the date;
3. A description that is sufficient enough to identify the goods bought or services received;
4. The total amount payable including VAT; and
5. For each rate of VAT chargeable, the gross amount payable including VAT and the VAT rate that has been applied (sometimes this information is not applicable for supermarkets etc)

However, where a customer (the authority) requests a full VAT invoice, one must be issued.

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Exempt Supplies



Certain supplies are exempt from VAT but within the remit of petty cash, it is highly unlikely that petty cash holders will come across many exempt supplies. Exempt supplies include land transactions, insurance services, betting, finance etc. However the following are exempt supplies that you may come across:

- Postal services e.g. stamps;
- Cultural services e.g. admissions to museums, exhibitions, zoos and any other performances of a *cultural* nature when supplied by either public bodies or eligible bodies – this is a difficult area to assess whether VAT has been charged so advice should be sought from either of the petty cash officers or Gwyneth Grahame;
- Sporting competitions and physical education.

VAT will not be charged on exempt goods or services, so consequently there will be no VAT to reclaim.

Zero Rated Supplies

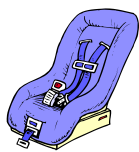


Zero-rating applies to many categories of goods and services within the UK and again the ones petty cash holders may come across are as follows:

- Food – see separate document regarding VAT liability of food;
- Supplies of mains water and sewerage;
- Books and other printed matter such as magazines and newspapers (but not stationery);
- Talking books for the blind/disabled and wireless sets for the blind;
- Transport, e.g. bus fares, train fares;
- Dispensing of drugs, reliefs for people with disabilities;
- Women's sanitary products;
- Children's clothing and footwear;
- **Some** items of protective clothing – please check with us.

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Reduced Rate Supplies



Even though the standard rate of VAT is charged on most goods and services, certain supplies of goods and services are subject to VAT at the reduced rate of 5%. The ones you may come across are as follows:

- Contraceptives
- Supplies of domestic fuel and power
- Children's car seats

Standard Rated Supplies

The majority of supplies you will come across with the exception of those mentioned above will be standard-rated. Many retailers will show the total on the receipt as a VAT inclusive amount. There are certain features which you can look out for on retailers receipts as they usually insert little symbols next to items on their receipts, (but bear in mind that some retailers won't distinguish VAT at all on the receipts). The following is a list of the symbols used by retailers next to their VATable products;

- Tesco '*'
- Morrisons 'A'
- ASDA 'V'
- B & Q 'A1' for their standard rated supplies and 'A0' for their zero-rated supplies
- LIDL 'B'

Unfortunately some retailers also use these symbols for reduced rate supplies as well, so you will have to keep in mind that although they are VATable, they are only subject to VAT at 5%. Other retailers such as Iceland, Netto, smaller corner shops will not use any symbol at all!

Typical Supplies we have found on petty cash claims and their VAT rates/classifications:

(the list is not exhaustive)

Houseplants/garden plants, gardening tools	20%
All DIY Products	20%
All household furnishings	20%
Electrical items	20%
Tropical (and other) fish food	20%
Key Cutting	20%
Household cleaning products	20%
All household textiles	20%
Toiletries	20%
Kitchen Rolls, Toilet rolls	20%

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Kitchen Foil, Cling Film	20%
Fizzy Pops, Fruit Juices, Squashes, Bottled Waters	20%
Sweets, Chocolates, ice creams	20%
Potato Crisps	20%
Topical first aid products including plasters	20%
Stationery items	20%
Batteries	20%
Christmas decorations	20%
Petrol & Diesel	20%
Some Taxi fares – but a VAT invoice must be obtained to ascertain whether individual is charging VAT	20%
CDs, DVDs, Videos, PC Games	20%
Entrance fees to ten-pin bowling or indoor bowls	20%
Cinema Entrance fees	20%
Hire of camping facilities	20%
Fast food outlets, e.g. McDonalds, KFC, Dominos	20%
All food bought and consumed at catering outlets (where the establishment is VAT registered) e.g. Tesco's café, Pubs, indoor bowl centres etc	20%
Hallowe'en Outfits/ fancy dress outfits	20%
Toys & Games	20%
DVD, Video Rentals	20%
Greetings Cards & wrapping paper	20%
Film Development/Photographs	20%
Car Parking, <i>but not scratch off parking vouchers issued by Cardiff City Council</i>	20%
Chocolate biscuits	20%
'Over the counter' medicines, e.g. paracetamol	20%
Contraceptives	5%
Children's car seats	5%
Growing herbs, edible plants	0%
Milk, Tea Bags, Coffee	0%
Newspapers & magazines	0%
Books	0%
Cakes & Biscuits (<i>not chocolate covered biscuits</i>)	0%
Doritos, wheat crunchies, rice cakes, twiglets	0%
Vegetable crisps, e.g. those made from parsnips, carrots, beetroot etc	0%
Children's clothes where they are designed to fit children under 14 years of age (<i>and not made of real</i>	0%

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fur)(also does not include accessories or haberdashery items) There are maximum garment sizes for each item of clothing – please check with us

Childrens footwear – again for under 14s (up to size 6.5 for boys, size 3 for girls court shoes or size 5.5 for other girls shoes – <i>but again it must be obvious that the shoes are designed for children</i>	0%
Baby-wear e.g. bibs, nappies, shawls	0%
Hats and headgear designed solely for children	0%
Women’s sanitary products	0%
Protective helmets for horse riding, cycling or motor cycling	0%
Fruit Producing plants and seeds of edible plants	0%
Most ‘basic’ food items such as <i>fruit and vegetables, frozen foods that need further preparation/cooking, breads, cakes, non-chocolate biscuits, jams, spreads, yoghurts</i> – see separate guide to food	0%

It is important to remember that before we reclaim VAT on any of the above, we must have evidence to suggest that the supplier is VAT registered. Such evidence would be a till receipt (or hand written receipt) showing a VAT number. VAT numbers are always nine digits long and is set out in a similar way to our VAT registration number, 655 6458 04.