Chapter 16

VAT rates

This Chapter outlines the different rates of VAT currently applicable and describes the circumstances under which such rates apply. A detailed listing of the rates applicable to an extensive listing of goods and services is available on the Revenue website at www.revenue.ie.

16.1 Goods and services attracting VAT at the standard rate, currently 21%

All goods and services other than those specified as being exempt or liable at the zero or 13.5% rates (see Appendices A to C and Appendix G in certain circumstances) are liable to VAT at the standard 21% rate. The only exceptions are livestock, greyhounds and the hire of horses which are currently liable at 4.8%.

It would not be feasible to compile a definitive list of the coverage of the 21% rate but an indication of its scope is given at Appendix D.

16.2 Goods and services attracting VAT at the zero rate

Goods and services which attract the zero rate of VAT include exports, intra-Community supplies of goods to VAT-registered persons in other EU Member States (see Chapter 5), certain food and drink, oral medicine, certain books and booklets, certain animal feeding stuffs, certain fertilisers, seeds and plants used to produce food, clothing and footwear appropriate to children under 11 years of age and supplies to VAT-registered persons authorised by Revenue under the VAT 13A Scheme (see paragraph 16.3 below). Full details are contained in Appendix B.

16.3 Zero-rating under the VAT 13A Scheme

This scheme provides that an accountable person who derives not less than 75% of his annual turnover from supplies of goods out of the State, can apply to have most goods and services supplied to him or her and intra-Community acquisitions and imports made by him or her zero-rated. The zero-rating does not apply to supplies of goods or services which would not in the normal course be deductible. Therefore, the supply or hire of any passenger motor vehicles, the supply of petrol, and the provision of services consisting of the supply of food, drink, accommodation (other than in connection with a qualifying conference (see paragraph 10.7)), entertainment or other personal services and other non-deductible purchases. A VAT-registered trader who thinks that he or she might qualify under this scheme should make application to the Revenue District responsible for his/her tax affairs.

A VAT-registered group (i.e. where a number of companies are treated as a single taxable person for VAT purposes) may only be authorised under Section 13A of the VAT Act where at least 75% of the group's total annual turnover is derived from zero-rated intra-Community supplies of goods or exports and certain supplies of contract work. Sales between individual group members are ignored for this purpose. The turnover from sales outside the group, which involve the subsequent leaseback by any member of the group, of the goods sold, is also excluded for the purposes of determining whether the group qualifies for the scheme. Individual members of VAT groups may not obtain section 13A authorisations unless the group as a whole is a qualifying person. (See also paragraph 2.21).

Please see VAT Information Leaflet 'Section 13A – Zero rating of Goods and Services'.

16.4 Goods and services attracting VAT at the 13.5% rate

Goods and services which attract VAT at 13.5% include certain fuels, building services, newspapers, magazines and periodicals, repair, cleaning and maintenance services generally, holiday accommodation, certain photographic supplies, restaurant services, and provision of commercial sporting facilities. Full details are contained in Appendix C. The 13.5% rate also applies to goods listed in Appendix G supplied in circumstances specified in section 11 (1AA) of the VAT Act.

16.5 Exemptions

The goods and services which are exempted from VAT are listed in Appendix A. Exempt goods and services consist principally of financial, medical and educational activities as well as admissions to and promotion of certain live theatrical and musical performances. Exemption from VAT means that the persons engaged in the exempt activitives are not liable for VAT on their receipts and are not entitled to a credit or deduction for VAT borne on their purchases. **It is emphasised that exempt persons are not entitled to receive taxable goods or services free of VAT, simply because they are exempt from charging VAT on their supplies.**

The position of a business with both exempt and taxable activities is explained in paragraph 10.10.

16.6 Difference between exemption and zero-rating

These terms appear to have the same meaning, but only to the extent that both exempt and zero-rated supplies do not attract what is referred to as a positive rate of VAT. They are different however to the extent that a VAT-registered person making zero-rated supplies (for example, a book shop or food store) is entitled to a refund of VAT on the business purchases (for example, shop fittings, wrapping materials, cash registers etc.) while normally a VAT exempt trader is not entitled to any refund of VAT on purchases in respect of the business.

16.7 Repayments

There are special provisions for repayment of VAT to unregistered persons in certain cases i.e. on farm buildings by unregistered farmers, on certain purchases by foreign traders in the State, on certain supplies to unregistered sea-fishermen, disabled persons, diplomats etc. A VAT Information Leaflet entitled 'Repayments to Unregistered Persons' is available.

16.8 Intra-Community acquisitions and imports

VAT is chargeable on intra-Community acquisitions of goods, imports of goods and certain services received from abroad, including Fourth Schedule services, at the rates which apply to supplies of similar goods and services within the State. Please see VAT Information Leaflets 'EU intra-Community Acquisitions', 'EU intra-Community Supplies', 'Fourth Schedule Services', 'Margin Scheme – Second-Hand Goods', 'VAT on Telecommunications Services' and 'VAT on e-Services and Broadcasting'.

16.9 Formal determination of rate

On the request in writing from an accountable person, Revenue will formally determine:

(i) whether or not any particular activity is an exempted activity, and

(ii) the rate at which VAT is chargeable in relation to the supply of goods of any kind, the supply of goods in any particular circumstances or the supply of services of any kind.

The purpose of a determination is to clarify areas of genuine doubt. Revenue may refuse to make a determination in certain circumstances. For example, they will not make one if a previous determination has been published in regard to the matter or if, in their opinion, the matter is sufficiently free from doubt.

The determination will be notified to the person who requested it. It may also be published in Iris Oifigiúil. A determination takes effect from the date specified for the purpose in the determination. The person concerned, or, where the determination is published in Iris Oifigiúil, any accountable person who in the course or furtherance of business supplies goods or services of a kind or in the circumstances specified in the determination, may, if aggrieved by the determination, appeal against it by giving notice in writing to Revenue within twenty-one days. The arrangements for hearing appeals are described in paragraph 16.10 below.

16.10 Appeals against formal determinations

The Appeal Commissioners are the first court of appeal against formal determinations. The Appeal Commissioners are separate from and independent of Revenue. They sit at various centres throughout the country and hear arguments from the appellants and Revenue on the points at issue. An appellant may present his or her case personally or may engage a professional representative such as an accountant, solicitor or barrister. If the appellant is dissatisfied with the Appeal Commissioner's ruling, he or she may appeal to the Circuit Court. Both the taxpayer and the Inspector of Taxes may appeal to the High Court on a point of law and, if necessary in turn to the Supreme Court (see also paragraph 1.19).

16.11 Letter of expression of doubt

VAT law provides that where a person is in doubt about the application of VAT law to a transaction, including the rate of VAT, he or she may lodge a letter of expression of doubt with Revenue. If the expression of doubt is accepted by Revenue as genuine, interest is not applied to any tax payable on the resolution of the matter in doubt.

In the event that Revenue refuses to accept that the expression of doubt is genuine, the taxpayer may have such refusal referred to the Appeal Commissioners. Please see VAT Information Leaflet 'Expression of Doubt'.