



1. Home (<https://www.gov.uk/>)
2. Health and social care (<https://www.gov.uk/health-and-social-care>)
3. Public health (<https://www.gov.uk/health-and-social-care/public-health>)
4. VAT zero rating for personal protective equipment (<https://www.gov.uk/government/publications/vat-zero-rating-for-personal-protective-equipment>)

1. HM Revenue
& Customs (<https://www.gov.uk/government/organisations/hm-revenue-customs>)

Policy paper

VAT zero rating for personal protective equipment

Updated 3 July 2020

Contents

Who is likely to be affected
General description of the measure
Policy objective
Background to the measure
Detailed proposal
Monitoring and evaluation
Further advice
Declaration



© Crown copyright 2020

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://www.nationalarchives.gov.uk/doc/open-government-licence/version/3) (<https://www.nationalarchives.gov.uk/doc/open-government-licence/version/3>) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at <https://www.gov.uk/government/publications/vat-zero-rating-for-personal-protective-equipment/vat-zero-rating-for-personal-protective-equipment>

Who is likely to be affected

Businesses and individuals purchasing personal protective equipment (PPE) for protection from infection.

General description of the measure

This is a new temporary zero rate that will apply to supplies of PPE as defined by Public Health England's coronavirus (COVID-19) PPE

(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/881669/COVID-19_personal_protective_equipment__PPE_-_GOV.UK.pdf) guidance on 24 April 2020.

The measure will take effect from 1 May to 31 October 2020.

Policy objective

The policy objective of this relief is to relieve the burden of VAT on the price of purchasing PPE used for protection from coronavirus by front line workers.

This will particularly aid sectors that cannot recover VAT on such goods due to their VAT exempt status, such as care homes, but will benefit all consumers.

Background to the measure

The temporary relief is being introduced as an urgent response to the coronavirus emergency.

Its main objective is to relieve businesses, particularly in the healthcare and residential care sectors, of the burden of tax on essential infection protection equipment needed to deal with the emergency.

Under current UK VAT law, the standard rate of VAT (20%) applies to the sale of PPE. However, the EU Commission has recently indicated support for temporary VAT reliefs (including zero-rates) directly linked to the efforts being undertaken to mitigate the impacts of the coronavirus pandemic. This means the UK now has more scope to review the VAT treatment of these supplies.

As the government has decided to implement this as an emergency measure in response to the coronavirus crisis, it will not be possible to consult in the time available.

Detailed proposal

Operative date

These changes will apply from 1 May 2020 and remain in effect until 31 October 2020.

Current law

Currently under VAT Act 1994 a standard rate of 20% applies to PPE.

Proposed revisions

A temporary zero rate will be introduced via a new Group 20 to Schedule 8 of the Value Added Tax Act 1994.

This measure will take effect from 1 May 2020, for six months, until 31 October 2020. It is intended that the negative procedure statutory instrument will be laid before Parliament on 30 April. The extent and application will be the whole of the United Kingdom. There are no matters relevant to English Votes for English Laws.

The 21-day rule will be breached because of the urgent need to introduce the relieving measure in response to the coronavirus health emergency.

Summary of impacts

Exchequer impact (£m)

The measure is expected to decrease receipts. The final costing will be subject to scrutiny by the Office for Budget Responsibility and will be set out at the next fiscal event.

Economic impact

This measure is not expected to have any significant macroeconomic impacts.

Impact on individuals

This measure is expected to have a positive impact on individuals who purchase types of PPE that fall within Public Health England's guidance. This measure temporarily removes VAT from these products.

This temporary relief is being introduced as an urgent response to the coronavirus emergency. Customer experience is expected to stay broadly the same as it does not change how individuals interact with HMRC. This measure is not expected to impact on family formation, stability or breakdown.

Equalities impacts

It is not anticipated that there will be impacts for those in groups sharing protected characteristics.

Impact on business including civil society organisations

This measure is expected to have a positive and negligible impact on businesses or any civil society organisations that purchase types of PPE that fall within Public Health England's guidance.

The new zero rate will relieve the burden of VAT on the price of PPE sold in the UK. In particular it will assist the NHS and care homes as they are predominantly likely to purchase these products as front line workers during the coronavirus crisis.

Care homes and other such providers within the welfare sector that also use PPE will benefit from the VAT relief. Their supplies are usually exempt (or partially exempt) from VAT. This means that, at present, they are unlikely to be able to recover any VAT on PPE.

The NHS carry out a non-business activity and their VAT burden is aided by annual funding to potentially cover the cost of the VAT. The zero rate ensures that costs are not increased.

The impact on business admin burdens is expected to be negligible.

One-off costs will include familiarisation with the new rules and considering whether the PPE they purchase falls within Public Health England's guidance. For most supplies, this is expected to be straightforward.

A further one-off cost could include updating software or changing systems to account for VAT at the zero rate. There are not expected to be any ongoing costs.

Temporary, ongoing savings will include not having to calculate VAT that would have been due on these types of PPE and also no longer having to make these payments.

Customer experience is expected to stay broadly the same as it does not significantly change how businesses interact with HMRC.

Operational impact (£m) (HMRC or other)

HMRC will incur negligible costs in implementing this change.

Other impacts

Other impacts have been considered and none have been identified.

Monitoring and evaluation

This measure will be kept under review through communication with affected taxpayer groups and the Department of Health and Social Care.

Further advice

If you have any questions about this change, email ppe@hmrc.gov.uk.

Declaration

The Rt Hon Jesse Norman MP, Financial Secretary to the Treasury has read this tax information and impact note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.