1. Introduction

Following a request from the Minister for Finance and Public Expenditure and Reform, Revenue will allow the application of the zero rate of VAT to the supply to the HSE, hospitals and other health care settings of personal protection equipment and medical equipment for use in the treatment of patients with Covid-19. In addition, the tax treatment of the supply of emergency accommodation is clarified.

Details of this temporary concession are set out below.

2. Covid-19 temporary VAT zero-rating measure

Revenue will permit the zero rate to apply to the supply and intra-Community acquisition of the goods listed below when supplied to or acquired by the HSE, hospitals, nursing homes, care homes, GP practices and the like, for use in the delivery of COVID-19 related health care services to their patients:

- personal protection equipment (PPE)
- thermometers
- hand sanitiser
- medical ventilators and specialist respiratory equipment such as respirators for intensive and sub-intensive care and other oxygen therapy apparatus including oxygen tents
- oxygen.

The zero rate may only be applied to supplies to hospitals, nursing and care homes, GP practices and the like; supplies to any other operators even if they are intended for onward supply to a health care provider are liable at the standard rate.

3. Timeline for the Covid-19 temporary VAT zero-rating measure

This concessional treatment will apply from 9 April 2020 up to 31 July 2020, subject to review.
4. What records should suppliers maintain?

In addition to the normal record keeping requirements, suppliers of these goods will need to satisfy themselves that their customer is eligible to receive zero rated supplies. In most cases, this will be very obvious (the supply is to a hospital or nursing home, etc.), but, if there is any doubt, the supplier must ensure that the supply meets the criteria for zero rating, i.e. that the customer is directly involved in the provision of health care services to patients and that the goods are for use by the customer in the delivery of those services.

The goods being supplied at the zero rate of VAT should be clearly identified and described on the invoice.

5. Deductibility

The VAT deductibility rights of the suppliers of this equipment will not be affected by this measure. They can continue to deduct VAT on their business input costs in the normal way.

6. Other medical products that are zero rated

There are already existing zero rates for certain types of medical products. These zero rates are provided for by VAT law and are not affected by the Covid-19 temporary VAT zero-rating measure detailed above.

6.1. Medical devices

Generally, most medical devices are liable to the standard rate of VAT. The following goods are already zero rated for VAT purposes as per paragraph 11(3)(b) and (c) of the Second Schedule to the Value-Added Tax Consolidation Act, 2010:

- Tracheostomy tube
- Endotracheal tube
- Breathing filters (that are solely or principally for use with tracheostomy or endotracheal tubes).

6.2. Human oral medicines

Human oral products which are licenced or authorised as medicines by the Health Products Regulatory Authority (‘HPRA’) are zero rated as per paragraph 11(1) of the Second Schedule to the Value-Added Tax Consolidation Act, 2010.
7. Emergency accommodation

The supply of temporary emergency accommodation is exempt from VAT in accordance with paragraphs 11 of Schedules 1 and 3 to the VAT Consolidation Act 2010 and Regulation 46(c) of the VAT Regulations 2010.

The exemption applies to the supply of emergency accommodation to the State/HSE/State Agencies for the purposes of being used as emergency accommodation as necessary to combat COVID-19.

Further information on the VAT treatment of the supply of emergency accommodation and ancillary services is available in the VAT Tax & Duty manual.