

VAT treatment of supplies of bread

This document should be read in conjunction with paragraph 8 of schedule 2 to the VAT Consolidation Act 2010 (VATCA 2010)

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Introduction

The supply of bread may be liable to VAT at the [zero rate](#) or the [reduced rate](#) depending on the particular bread product concerned and the circumstance in which it is supplied.

1. Bread products liable at the zero rate of VAT

Bread that may benefit from the zero rate of VAT is defined for this purpose in the Value-Added Tax Consolidation Act 2010 (VATCA) as reproduced in the Annex below.

The wholesale and retail supply of bread products (such as sliced pans, batch bread, bread rolls, vienna rolls, wholemeal bread, wholegrain bread, multigrain bread, baps, blaas, bagels, naan bread and pita bread) is liable to VAT at the zero rate only where the particular bread product supplied conforms with the definition of bread as set out in the VATCA 2010. Otherwise the reduced rate of VAT applies.

2. Bread products liable at the reduced rate of VAT

Supplies of bread products that do not conform to the definition of bread are liable to VAT at the reduced rate. Such bread products may have levels of permitted ingredients (sugar, fat, dried fruit, vegetables, herbs or spices) that exceed the weight limits specified in the definition or may contain other ingredients that are not listed in the definition. Examples of some of the bread products liable at the reduced rate include croissants, cheese-breads, cheese bagels and brioche. Crispbread products are also liable to VAT at the reduced rate.



Annex

Definition of bread qualifying for the zero rate

Extract from Value-Added Tax Consolidation Act 2010, Schedule 2, Paragraph 8(1)

Table 1, Part F, column (2)

"Bread means food for human consumption manufactured by baking dough composed exclusively of a mixture of cereal (or other) flour and any one or more of the ingredients included in column (1) of Table 2 to this paragraph that do not exceed the quantities (if any) set out for each ingredient in column (2) of that table, but does not include food packaged for sale as a unit (not being a unit designated as containing only food specifically for babies) containing 2 or more slices, segments, sections or other similar pieces, having a crust over substantially the whole of their outside surfaces, being a crust formed in the course of baking, frying or toasting."

Table 2

Ingredients and Weight Limits for the ingredients, as percentage of weight of flour included in the dough	
(1) Ingredients	(2) Weight Limits for the ingredients, as percentage of weight of flour included in the dough
Fats and sugars (including any fats and sugars contained in any bread improver).	Not exceeding 12% in aggregate
Dried fruit, vegetables, herbs and spices.	Not exceeding 10% in aggregate
Yeast or other leavening or aerating agent, seeds, salt, malt extract, milk, water, gluten and bread improver.	No limit