

VAT on food and drink

This document should be read in conjunction with paragraph 8 of Schedule 2 and paragraph 3 of Schedule 3 to the VAT Consolidation Act 2010.

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A more recent version of this manual is available

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1 General

The supply of food and drink for human consumption is subject to a number of different rates of VAT. The applicable VAT rate depends on the food and drink concerned and how it is supplied. In general, most food sold by retail shops is subject to VAT at the zero rate, but there are many exceptions specified in the legislation where the [standard rate](#), [reduced rate](#) or [second reduced rate](#) applies. These exceptions are set out below under the specific headings [wholesale/retail](#), [catering](#) (including take-aways) and [vending machines](#). The [summary table](#) to this guidance gives examples of the VAT rates applicable to the supply of food and drink by different outlets in various scenarios.

1.1 Terms used

The term "catering" used in this guidance includes the provision of food and drink services by cafés, canteens, caterers, location caterers, hotels, public houses, restaurants, retail shops, take-aways and similar businesses.

The term "hot food and drink" refers to cooked food which has been heated, has been retained heated and is supplied while still warm after cooking enabling it to be consumed at a temperature above the ambient air temperature and that is above the ambient temperature at the time when it is provided to the customer. It includes items such as burgers which consist of hot meat enclosed in a cold bun, cooked chickens and similar food. The term does not include freshly baked bread which may have residual heat after baking at the time of purchase.

The term "take-away" used in this guidance refers to food sold in a catering business for consumption without further preparation off the premises in which it is sold.

2 Rates

2.1 Zero Rate

The zero rate of VAT applies to the supply of most foodstuffs, such as bread, butter, cheese, cereals, condiments, flour, fruit, herbs, meat, milk, pasta, pastes, sauces, soup, spices, sugar, and vegetables (fresh or frozen). This list is by no means exhaustive.

However, it should be particularly noted that the supply of food and drink that would normally be liable to VAT at the zero rate becomes liable to VAT at the second reduced rate when it is supplied in the course of catering or by means of a vending machine.

2.2 Standard rate

The standard rate of VAT applies to certain items of food and drink which are excluded from the scope of the zero rate or the reduced rate, such as the following:

- Alcohol, bottled drinking water, soft drinks, juice extracted from, and other drinkable products derived from fruit or vegetables.
- Ice cream, frozen desserts, frozen yogurts and similar frozen products, and prepared mixes and powders for making any such products or similar products.
- Savoury products made from cereal or grain, pork scratchings, and similar products such as vegetable crisps, prawn crackers, poppadoms.
- Potato crisps/sticks/puffs and similar products made from potato, potato flour or potato starch.
- Popcorn, salted or roasted nuts.
- Biscuits and wafers wholly or partly covered or decorated with chocolate or similar product.
- All kinds of chocolates, sweets and similar confectionery.

2.3 Reduced rate

The reduced rate of VAT applies to flour or egg based bakery products, including cakes, crackers and certain biscuits and wafers, but excluding items in this category that are subject to the zero or standard rate of VAT.

2.4 Second Reduced rate

The second reduced rate of VAT also applies to certain food and drink when supplied:

- hot
- in the course of catering (including hot take-aways)
- by means of vending machines.

3 Wholesalers/retail

3.1 Wholesale and/or retail supplies

In general, most food sold by wholesale and retail shops is subject to VAT at the zero rate but there are many exceptions specified in the legislation where the standard rate or reduced rate applies. See [general](#) above.

3.2 Retail outlets providing café and restaurant services

If your business operates as a retail outlet and also supplies restaurant or café services, then your business will be regarded as carrying on a separate activity of catering. Please see [catering](#) below.

4 Catering

4.1 VAT rates applicable

Supplies of alcohol, bottled waters, soft drinks, sports drinks and vegetable juices are liable to VAT at the standard rate in all circumstances in the course of catering.

All other food and drink, including fruit juices, supplied with a meal in the course of catering, is liable to VAT at the second reduced rate including the following:

- Food and drink normally chargeable to VAT at the zero rate.
- Tea, coffee and cocoa in drinkable form.
- Products (normally chargeable to VAT at the standard rate) when supplied in the course of a meal such as:
 - Ice-cream, frozen desserts, ice lollies and similar products
 - fruit juice
 - savoury products made from cereal or grain, pork scratchings and similar products
 - Potato crisps, popcorn and roasted nuts
 - all kinds of chocolates, sweets and similar confectionery.
- Products normally chargeable to VAT at the reduced rate, such as biscuits, cakes, crackers and wafers, when supplied in the course of a meal.

4.2 Hot food

The supply of hot food is liable to VAT at the second reduced rate.

Cold zero-rated food supplied with hot food for an inclusive price (for example, coleslaw with hot chicken) is liable at the second reduced rate.

4.3 Combination meal deals

Meals of this type, also commonly referred to as "value meals", consist of items liable at different rates of VAT, typically being hot food liable at the second reduced rate together with a soft drink liable at the standard rate, which are sold together for a single consideration, usually at a discount. Such a discount should be applied to all the items of the meal at their appropriate rates of VAT. Please see [multiple supply, mixed supplies of goods and services](#) and guidance on [Cash Registers Records /electronic point of sale \(EPOS\)](#) for further information and examples.

4.4 Cold food

Zero rated cold food supplied in the course of catering is liable to VAT at the second reduced rate.

4.5 Catering on off-shore oil rigs and on foreign-bound ships and aircraft

The zero rate applies.

4.6 Catering in schools and hospitals

Catering services are exempt from VAT where supplied;

1. to patients of a hospital or nursing home in the hospital or nursing home.
2. to school students at their school.

4.7 Staff meals

Staff meals, when taxable, are liable at the second reduced rate.

4.8 Dinner dance (admissions)

Receipts from admissions to dinner dances are liable at the standard rate including the dinner element in the charge. If there are separate charges for the dinner and the dance and payment of the charge for the dinner is not a condition of admission to the dance, the dinner charge is liable at the appropriate rates as outlined above, and the charge for admission to the dance is liable at the standard rate. See [Revenue website](#) for further VAT information on dances.

4.9 Vending machines

Generally, food and drink sold via a vending machine attracts the rate of VAT applicable to the item sold. Please see "[general](#)" above for specific rates. However, the second reduced rate applies to the following:

- Tea, coffee and cocoa drinks.
- Food and drink normally liable at the zero rate, such as sandwiches, rolls or milk.

5 Summary Table

Food and Drink - Examples Summary Table					
Type of Food or Drink	Hotels, restaurants, canteens, pubs etc.		Vending machines	Retail / Wholesale	'Take-away' only business
	With a meal	Not with a meal			
Alcohol, bottled waters, soft drinks, sports drinks and vegetable juices	Standard	Standard	Standard	Standard	Standard
Bread, butter, sugar etc (off the shelf produce)				Zero	
Cakes, biscuits (other than chocolate covered biscuits)	Second Reduced	Reduced	Reduced	Reduced	Reduced
Chocolates, Confectionery, Crisps, Ice cream, Biscuits - chocolate covered	Second Reduced	Standard	Standard	Standard	Standard
Coffee, Tea (Hot)	Second Reduced	Second Reduced	Second Reduced	Second Reduced	Second Reduced
Coffee, Tea (non-drinkable form)			Second Reduced	Zero	
Coffee, Tea with confectionery	Second Reduced	Second Reduced/ Standard		Second Reduced/ Standard	Second Reduced/ Standard
Coffee, Tea with scone/ cake	Second Reduced	Second Reduced/ Reduced		Second Reduced/ Reduced	Second Reduced/ Reduced
Cold Sandwiches*	Second Reduced	Second Reduced	Second Reduced	Zero	Zero
Hot Sandwich**	Second Reduced	Second Reduced	Second Reduced	Second Reduced	Second Reduced
Fish, Chips (Frozen or uncooked)				Zero	
Fish, Chips, Burgers (Hot)	Second Reduced	Second Reduced	Second Reduced	Second Reduced	Second Reduced
Fish and Chips with soft drink	Second Reduced/ Standard	Second Reduced/ Standard		Second Reduced/ Standard	Second Reduced/ Standard
Fruit juices	Second Reduced	Standard	Standard	Standard	Standard

Food and Drink - Examples Summary Table					
Type of Food or Drink	Hotels, restaurants, canteens, pubs etc.		Vending machines	Retail / Wholesale	'Take-away' only business
	With a meal	Not with a meal			
Take-away Food (Hot)***		Second Reduced	Second Reduced	Second Reduced	Second Reduced
Take-away Food (Cold)****		Zero	Zero	Zero	Zero
Vinegar			Second Reduced	Zero	Zero

Notes

*Cold sandwiches include cold bread, bagels, baguettes, paninis and wraps.

** Hot sandwiches include hot/toasted bread, bagels, baguettes, paninis and wraps and also includes cold bread, bagels, baguettes, paninis and wraps that contain hot fillings.

***Hot take-away food such as burgers and baguettes which include cold garnish such as coleslaw is liable to VAT at the second reduced rate.

**** See "Cold Food" paragraph above.

Alcohol, bottled waters, soft drinks, juice extracted from, or other drinkable products derived from fruit or vegetables and sports drinks are always charged at the standard rate of VAT. However, fruit juices supplied in the course of a meal are liable to VAT at the second reduced rate.

Tea includes tea extracted from the tea plant, herbal tea and similar tea products.