

VAT treatment of food and drink supplied by wholesalers and retailers

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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Introduction

This guidance sets out the VAT treatment of the wholesale or retail supply of food and drink for human consumption.

For information on the VAT treatment of restaurant & catering services, bread and food supplements please see Revenue's guidance in the Tax and Duty Manuals on [Restaurant and Catering Services](#), [Bread](#) and [Food supplements](#).

1. What is food?

Food includes all substances that are understood as ordinary food for human consumption by the average consumer and are presented and labelled as such.

Ordinary food is not a medicine, medicated preparation, tobacco or a food ingredient in cosmetics, tinctures, or similar.

Foods are ingested or chewed at meals or snacks for their nutritional value or for their sensory attributes not limited to taste.

2. What products are taxable at the zero rate?

The zero rate of VAT applies to the supply of most foodstuffs, such as:

- most breads
- butter, cheese, eggs, [milk](#)
- [baby food](#)
- cereals
- condiments
- flour
- fruit (fresh, canned, dried and drained)
- herbs
- meat
- pasta
- pastes, sauces, soup, spices, sugar
- preparations and extracts derived from meat, yeast or eggs
- [tea and coffee](#) in non-drinkable form and
- vegetables (fresh and frozen).

2.1. Milk and milk-based drinks

Milk is liable to the zero rate of VAT. Revenue also allow milk alternatives to be zero rated. Therefore, products such as oat milk, almond milk, soya milk, etc. are zero rated as milk alternatives.

As a concession, Revenue allow milk-based drinks to be zero rated provided it is a preparation derived from milk where the milk element itself represents more than

50% of the volume. The ingredients' quantities must be verifiable. This concession also applies to drinks based on milk alternatives.

However, the zero rating does not apply to any such product marketed specifically to improve sporting or physical performance, such as an ergogenic aid. The [standard](#) rate of VAT applies to such a product.

2.2. Tea and Coffee

The zero rate applies to the following products when supplied in non-drinkable form:

- Tea
- Herbal tea
- Preparations and extracts derived from tea
- Preparation and extracts derived from herbal tea
- Cocoa
- Coffee
- Chicory
- Other roasted coffee substitutes
- Preparations and extracts derived from cocoa
- Preparations and extracts derived from coffee
- Preparations and extracts derived from chicory
- Preparations and extracts derived from other roasted coffee substitutes.

2.3. Baby food

The zero rate applies to baby food or drinks which are marked and marketed as suitable for babies. Otherwise, the [standard](#) rate applies.

3. What products are taxable at the second reduced rate?

The supply of food and drink that has been heated, has been retained heated after cooking or is supplied while still warm after cooking, and that is above the ambient air temperature at the time when it is provided to a customer is liable to VAT at the [second reduced](#) rate. Typically, this includes hot tea, hot coffee and hot [takeaway](#) food.

4. What products are taxable at the reduced rate?

The [reduced](#) rate of VAT applies to flour or egg based bakery products, including

- cakes
- crackers
- wafers and
- biscuits

but excluding

- wafers and biscuits wholly or partly covered or decorated with chocolate or some other product similar in taste and appearance,
- [savoury products](#) and
- chocolates, sweets and similar confectionery.

4.1. Flour or Egg based Bakery Products

The following are some of the characteristics of bakery products for VAT purposes:

- Flour or egg based.
- Dough is formed during manufacture.
- Usually baked or required to undergo baking.

Supplies of bread products that do not conform to the definition of bread are liable to VAT at the [reduced](#) rate. Examples of some such products include croissants, cheese-breads, cheese bagels, brioche and crispbread.

Doughnuts made by frying are considered to be bakery products and qualify for the [reduced](#) rate.

4.2. Biscuits

To be considered a biscuit for VAT purposes, the value of moisture content of the product must be no more than 12%. Products with more than 12% moisture are considered to be cakes.

Biscuits wholly or partly covered or decorated with chocolate or some other product similar in taste and appearance are liable at the [standard](#) rate.

Where an assortment of biscuits are sold together, the [reduced](#) rate will apply only if the weight of the chocolate biscuits does not exceed 15% of the total weight of the assortment. Otherwise, the [standard](#) rate applies.

5. What products are taxable at the standard rate?

The [standard rate](#) of VAT applies to certain items of food which are excluded from the scope of the zero rate or the reduced rate, such as the following:

- 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](#).
- 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](#).
- Glace and crystallised fruits.

5.1. Savoury products

Savoury products made from cereal or grain, or from flour or starch derived from

cereal or grain, pork scratchings, and similar products when supplied for human consumption without further preparation are liable to VAT at the [standard](#) rate.

Such products are not limited to those that are baked or cooked and there is no exclusion for “healthy” products. Neither is there any weight or ingredient specified to classify a product as savoury. These types of products are diverse in size, seasoning and the levels of salts, sugars and fats.

However, products that fall into this category are generally snack foods that have the following characteristics:

- they are savoury
- they are eaten and marketed as a snack
- they are made from grains, flour or animal fats/products
- they are consumed without any further preparation
- they are typically sold in small packets
- they are eaten with the fingers.

Some examples include vegetable crisps, prawn crackers, poppadoms, savoury biscuits or savoury crackers.

5.2. Confectionery products

Confectionery is an umbrella term that encompasses the vast spectrum of confectionery products which can have some or all of the following characteristics:

- sweet to the taste
- eaten with the fingers
- shaped like a bar or a shape that is typical of confectionery products
- the method of packaging is similar to other confectionery products
- eaten as a snack.

This list is not exhaustive.

5.3. Drinks

The [standard rate](#) of VAT applies to most drinks such as the following:

- [alcohol](#)
- bottled drinking water
- soft drinks
- juice extracted from and other drinkable products derived from fruit
- juice extracted from and other drinkable products derived from vegetables
- syrups, concentrates, essences, powders, crystals or other products for the preparation of beverages.

6. Vending Machines

The supply of food and drink by means of a vending machine is a supply of goods and the VAT rate applicable is that which would normally apply to the good.

7. Takeaways

The supply of takeaway food and drink from a fixed establishment or a mobile snack bar are generally considered a supply of goods rather than the provision of restaurant services.

The following factors may indicate that the supply is not a restaurant service:

- no waiters
- no real advice to customers
- no table service
- no enclosed spaces at an appropriate temperature for the consumption of food served
- no cloakrooms or lavatories
- no crockery, furniture or place settings and the lack of other service elements.

Additional services such as counters enabling a limited number of customers to eat on the spot where there is negligible human intervention will not alter the nature of the supply.

7.1. Rate of VAT applicable

The supply of hot takeaway food is liable to VAT at the [second reduced rate](#). This includes food heated, retained heated or supplied while still warm. Hot sandwiches include hot/toasted bread, bagels, baguettes, paninis and wraps and also include cold bread, bagels, baguettes, paninis and wraps that contain hot fillings.

The supply of cold takeaway food is liable to VAT at the zero rate. Chilled, cold or frozen cooked meals are liable to VAT at the zero rate. Cold sandwiches include cold bread, bagels, baguettes, paninis and wraps.

Cold food supplied with hot food for an inclusive price (for example, coleslaw with hot chicken) is liable to VAT at the [second reduced rate](#).

Supplies of alcohol, bottled waters, soft drinks, sports drinks, vegetable juices and fruit juices are liable to VAT at the [standard rate](#).

7.1.1. Combination meal deals

Meals of this type 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 apportioned between the individual items of the meal at their appropriate rates of VAT. For further information please see Revenue's guidance on [Mixed supplies of goods and services](#).

8. Summary Table

Type of Food or Drink	Retail / Wholesale	Takeaway
Alcohol, bottled waters, soft drinks, sports drinks and vegetable juices	Standard	Standard
Bread, butter, sugar etc (off the shelf produce)	Zero	n/a
Cakes, biscuits (other than chocolate covered biscuits)	Reduced	Reduced
Chocolates, Confectionery, Crisps, Ice cream, Biscuits - chocolate covered	Standard	Standard
Coffee, Tea (Hot)	Second Reduced	Second Reduced
Coffee, Tea (non-drinkable form)	Zero	n/a
Coffee, Tea (Hot) with confectionery	Second Reduced & Standard	Second Reduced & Standard
Coffee, Tea (Hot) with scone/ cake	Second Reduced & Reduced	Second Reduced & Reduced
Cold Sandwich	Zero	Zero
Hot Sandwich	Second Reduced	Second Reduced
Fish, Chips (Frozen or uncooked)	Zero	n/a
Fish, Chips, Burgers (Hot)	Second Reduced	Second Reduced
Fish and Chips with soft drink	Second Reduced & Standard	Second Reduced & Standard
Fruit juices	Standard	Standard
Take-away Food (Hot)	Second Reduced	Second Reduced
Take-away Food (Cold)	Zero	Zero
Vinegar	Zero	Zero