

VAT treatment of opticians

This document should be read in conjunction with paragraph 2(5) of Schedule 1 of the VAT Consolidation Act 2010 as amended

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Introduction

This guidance sets out the VAT treatment of supplies of goods and services made by opticians and how VAT can be reclaimed.

Generally, optical services are exempt from VAT. However, the supply of goods, such as spectacles, is taxable. Opticians typically make mixed supplies of exempt services and taxable goods. As such, there are rules on how they charge VAT and on the amount of VAT they can reclaim.

1. Eye testing fees

Eye testing fees are optical services and are exempt from VAT. Such fees should be separately identified if supplied with other taxable supplies of services / goods.

2. Supplies of corrective spectacles and contact lenses

The supply by an optician of corrective spectacles and contact lenses constitutes two supplies, namely:

- a supply of goods,
- a dispensing services

The supply of the corrective spectacles and contact lenses are subject to VAT at the [standard rate](#).

The dispensing services are a supply of professional optical services and are exempt from VAT.

These supplies are typically made for a single consideration. As such, opticians should apportion the total consideration received for the supply of corrective spectacles and contact lenses between the exempt dispensing service and the taxable supply of goods in accordance with Revenue guidance on [mixed supplies](#), unless they apply the 50 / 50 apportionment for opticians.

2.1. The 50 / 50 apportionment for opticians

Revenue are prepared to accept an apportionment of the total consideration which shows up to 50% of the price charged as being appropriate to the exempt service.

Any claims for a higher percentage will be examined to ensure that the optician can justify the percentage claimed.

2.1.1. What if other supplies are made?

Where other types of goods or services are supplied, the income from those supplies should be deducted from the gross income from sales of corrective spectacles and contact lenses in the VAT period. The balance may then be split on a 50/50 basis as representing the exempt dispensing service and the taxable supply of goods, and VAT should be accounted for accordingly.

2.2. Purchases funded by DSP¹ or GMS²

Where the purchase of spectacles or contact lenses is entirely funded by payments from the DSP, or covered for medical-card holders by the GMS, only the dispensing fee agreed between these bodies and the opticians' professional bodies should be treated as exempt from VAT.

The balance of the payment made is liable at the standard rate.

2.2.1. What if the customer supplements the DSP or GMS payment?

Where an individual customer supplements the DSP or GMS allowance / benefit, the 50 / 50 split referred to in paragraph 2.1 above may be applied only in relation to the amount paid by that customer that is in excess of the DSP or GMS allowance / benefit, as the case may be. The portion of the price represented by the DSP or GMS allowance / benefit must be accounted for as set out in paragraph 2.2.

3. Repeat or replacement contact lenses

Where a repeat or replacement contact lenses is supplied with no dispensing service, VAT at the standard rate should be charged on the full consideration.

¹ Department of Social Protection

² General Medical Services

4. Repair services

Generally, repair services are subject to the [reduced rate](#).

Where there is no dispensing service supplied with the repair service, VAT at the reduced rate should be charged on the full consideration.

5. Ancillary items and accessories

Most ancillary items and accessories are subject to the standard rate, such as:

- cases
- chains for spectacles
- coloured lenses
- cleansing solutions
- cloths for spectacles
- non-prescription sunglasses.

These goods should be separately identified and VAT at the appropriate rate should be accounted for.

6. What VAT can be reclaimed?

Opticians may reclaim VAT incurred on the purchase of goods for resale.

However, to take account of the exemption for dispensing fees, there is no entitlement to recover VAT incurred directly with dispensing services. Neither is there an entitlement to reclaim VAT on costs incurred directly for other exempt optical services.

Where a cost relates both to the taxable supplies and the exempt supplies, the optician can only reclaim the VAT for the taxable supplies (i.e. dual use inputs).

7. Intra-Community acquisition / import of optometric or other equipment used for eye-testing

VAT registered opticians must account for VAT in respect of intra-community acquisitions of such equipment.

An optician cannot reclaim the VAT incurred (ICA or imported) on equipment for the provision of exempt supplies only (professional services of an optical nature e.g. eye testing).