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## VAT treatment of vouchers (excluding SPVs and MPVs)

This document should be read in conjunction with section 43 of the VAT Consolidation Act 2010 (VATCA 2010) and Regulation 11 of the Value-Added Tax Regulations, 2010 [S.I. No. 639 of 2010].

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### Introduction

This guidance sets out the VAT treatment of vouchers that do not fall within the new rules for vouchers that were introduced by Council Directive (EU) 2016/1065 of 27<sup>th</sup> June 2016.

From 1 January 2019, new rules and definitions will apply to certain types of vouchers issued from that date. These rules affect the taxing point and affect how VAT can be deducted by certain types of traders. Guidance on the [VAT treatment of single purpose vouchers \(SPVs\) and multipurpose vouchers \(MPVs\)](#) under the new rules is available in the VAT Tax & Duty Manual.

### 1. What types of vouchers are covered?

The types of instruments covered are:

- Vouchers (that do not fall within the new rules for vouchers – see paragraph 1)
- Stamps (not postage stamps)
- Coupons
- Telephone cards
- Tokens
- Book tokens

For the purposes of this guidance, they are all referred to as ‘vouchers’.

## 2. What is the VAT treatment of vouchers?

The VAT treatment of vouchers depends on who they are sold to and the amount of consideration paid which is detailed below.

### 2.1 Vouchers sold to private customers

No VAT is due on vouchers sold for their face value to a private customer. The consideration for the supply of the voucher is disregarded for VAT purposes.

#### 2.1.1 What if the consideration for the voucher exceeds the face value of the voucher?

Where the consideration charged exceeds the face value of the voucher, the difference between the amount the supplier receives and the face value of the voucher is liable to VAT. The VAT is charged on the difference at the [standard rate](#).

#### 2.1.2 What happens when the voucher is redeemed?

VAT is only charged when the voucher is redeemed by the private customer for goods or services supplied to him or her. The trader who accepts the voucher for the supply of the goods or services is liable for the VAT (i.e. when it is redeemed). The rate of VAT is determined by, and is the same as, the rate of VAT that applies to the underlying goods or services.

### 2.2 Vouchers sold to accountable persons

When vouchers are supplied to an accountable person with a view to re-sale to private consumers, and are to be used in exchange for goods, these vouchers become liable to VAT at the standard rate on the consideration received at the time of their sale by the principal to the accountable person involved. This only applies where a voucher is sold to an accountable person where:

- that person acquired it with a view to resale and
- the issuer of the voucher agreed to redeem the voucher at face value.

The full amount of the consideration for the voucher is chargeable to VAT.

Any future sales of these vouchers by the accountable person, or subsequent accountable persons, is also liable to VAT. The original issuer and the accountable persons must account for VAT on the onward sale of the vouchers.

The redeemable value of the voucher is only disregarded when they are ultimately used for the purchase of goods or services (i.e. redeemed). No VAT is due on the redemption of the voucher.

### 2.2.1 Cross-border supplies of vouchers

The rule for vouchers supplied to businesses for re-sale is confined to supplies to businesses established in the State. As such, a voucher with a redeemable value, sold to a business outside the State for onward supply, is not taxable on the sale. Instead, the tax arises at the point of redemption of the voucher. The VAT is accounted for when redemption of the voucher takes place.

## 3. Discounted vouchers

In some cases, a supplier of goods may sell vouchers at a discount to companies who purchase them to distribute them free to their staff, or to resell to the public. The supplier undertakes to accept a voucher in full or part payment of goods purchased by a customer who was not the buyer of the voucher.

### 3.1 What is the taxable amount of a discounted voucher?

Where a voucher is sold at a discount to the face value, the taxable amount of the voucher is the amount the voucher sold for. This only applies in certain circumstances, where:

- the supplier promises to accept the discounted voucher at its face value in full or part payment of the price of the goods
- the purchaser of the goods was not the buyer of the voucher, and
- the purchaser of the goods did not know the actual price paid for the discounted voucher.

The initial transaction involving the sale of the voucher is not a taxable transaction. The VAT only becomes chargeable when the voucher is presented in exchange for goods.

The trader must maintain a proper audit trail to the satisfaction of Revenue. A trader operating such a scheme must be able to demonstrate to Revenue that a system is in place so that the original purchaser of that voucher can be clearly identified and the amount of any discount granted to that original purchaser can be determined.

## 4. Cash Basis

Traders who account on the cash basis and who exchange vouchers, etc. for cash must include the value of such vouchers as cash in their taxable receipts.