

## Cold take-away food sold from NHS catering outlets - October 2002

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The supplies made by NHS-run canteens or catering outlets have generally always been treated as standard-rated (17.5%) for VAT purposes. This has included all food sold for consumption on the premises. Up until recently, 'premises' has meant the entire hospital site in which the catering outlet is located. This has now been clarified in Customs' Public Notice 709/1, in which Customs state that 'premises' are confined to the outlet and associated seating area, and do not extend to include the whole site.

What this means to NHS bodies which run catering outlets is that cold take-away food and drink which is taken away for consumption off the premises (e.g. in an office or a ward) can be zero-rated.

Outlined below is a checklist of the common items that may be zero-rated if taken away cold from the canteen for consumption off the canteen premises. All other supplies, which are also summarised, must remain to be treated as standard-rated. We hope that you find this useful.

The lists serve as a basic guide to help Trusts determine the VAT liability of items sold in canteens. Applying these rules will obviously result in a mixture of zero-rated and standard-rated sales being made. If each sale can be recorded as it takes place, normal VAT accounting rules can be used. If each sale cannot be recorded as it takes place, a 'VAT retail scheme' appropriate for catering will need to be used. It may also be possible to agree a method retrospectively, in order to reclaim over-paid output tax for the last three years.

If you would like to discuss how this affects your Trust or you require assistance in agreeing an effective method of zero-rating catering supplies, please contact us on 01322 554053 or [chris.silk@crsvat.com](mailto:chris.silk@crsvat.com).

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## ZERO-RATED

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### What items can be zero-rated when sold take-away?

The following list covers the **basic** range of items that are sold from canteens/catering outlets that can be zero-rated if taken away.

It is **not** a comprehensive list of **all** zero-rated grocery items typically sold in grocers or supermarkets, just the typical items sold from canteen.

- Cold sandwiches & rolls
- Fresh fruit (apples, oranges, bananas, etc.)
- Cold salads
- Cakes (all cakes, e.g. chocolate. eclairs cream cakes, pastries, etc.)

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- Gingerbread (this is standard-rated when coated in chocolate, however chocolate 'eyes' are acceptable)
- Flapjacks
- Marshmallow teacakes
- Biscuits (including choc-chip, bourbon, jaffa-cakes and biscuits coated in **non-chocolate** coatings). (Specifically exclu from zero-rating are **all** wholly or partly chocolate coated biscuits - these must 1 standard-rated).
- Crunch-cakes (made from 'cornflakes' other cereal)
- Chocolate cup cakes
- Toffee apples Milk and flavoured milk drinks (including milk-shakes)
- Vegetable crisps **other** than potato crisps
- Tortilla chips, corn chips, bagel chips, cheese savouries and twiglets
- Prawn crackers made from tapioca Glucose or dextrose `sports' tablets

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## STANDARD-RATED

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The following items remain to be treated as standard-rated. As with the zero-rated list, this is **not** a comprehensive list of all standard-rated food, just the types of supplies typically made from a canteen.

- Catering - **All** food and drink sold for consumption in a hospital canteen (including outdoor seating areas) is a supply in the course of catering and is standard- rated.
- Hot take-away food and drink - **All** hot food and drink sold for consumption off the premises is always standard-rated. Hot take-away food also includes items which are sold cold for consumption elsewhere, but a microwave is made available for customers to heat the food, (e.g. sausage rolls, pasties, etc).
- Other items which are **always** standard- rated even if taken away- all crisps and savoury snacks other than those mentioned in the zero-rating list, salted and roasted nuts (peanuts, etc), sweets and other confectionery including chocolate biscuits, ice-creams and lollies, prepared drinks and beverages including fruit juices, carbonated and soft drinks, alcoholic drinks and bottled water.

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