

Temporary VAT relief for Personal Protective Equipment (PPE)

You may have seen a recent announcement by HMRC that a temporary zero-rate of VAT has been introduced for the supply of PPE. This is directly relevant to suppliers of PPE and to their customers who typically will be unable to recover any VAT charged on the purchase of the equipment. The temporary VAT relief therefore represents a cost saving opportunity for customers who are likely to be buying significant quantities of PPE at present.

The VAT relief runs from **1 May to 31 July**.

Which PPE is covered?

The following list is taken from the legislation introduced on 1 May:

- disposable gloves,
- disposable plastic aprons,
- disposable fluid-resistant coveralls or gowns,
- surgical masks (including fluid-resistant type IIR surgical masks)
- filtering face piece respirators, and
- eye and face protection (including single or reusable full face visors or goggles).

The list is driven by the PHE guidance issued on 24 April. You can find more detailed guidance in the HMRC press release and links to the relevant PHE guidance in the link below. One of the most common points raised by clients relates to hand sanitiser, which is not covered by this VAT relief.

<https://www.gov.uk/government/publications/vat-zero-rating-for-personal-protective-equipment>

About Us

MHA MacIntyre Hudson is a top 15 firm of chartered accountants, tax and business advisers. From offices across the UK, we provide a full range of financial and business services to enterprises and individuals helping them to achieve growth and long-term success. We have access to the wider networks of MHA and Baker Tilly International, making us a truly national and international partner of choice for entrepreneurs and business builders.

What about supplies that have taken place since 1 May and/or supplies near the deadline of 31 July?

The decision on whether to charge VAT rests with the supplier of PPE. If you are buying PPE, it is best to work with your supplier to agree the most appropriate VAT treatment.

If you have supplied or taken delivery of PPE since 1 May, but the goods were not paid for before the temporary change in VAT rate, VAT should not have been charged on the transaction. If VAT has been charged, the supplier should issue a credit note for the overcharged VAT. It would not be surprising to have been charged VAT in error, as this change was introduced at 24 hours' notice.

There are two ways to ensure that the VAT relief is preserved near the 31 July deadline. The customer should either take delivery or at least pay for the goods before 31 July.



System changes

As a supplier you will need to be alive to both the time limitations to this zero-rate and the restriction on the items covered.

What should you do now?

As a supplier, you should proactively review the basis on which you identify goods eligible for the relief. It would also seem sensible to alert your customers to this opportunity and encourage them to think about restocking before 31 July.

As a customer, we would advise you to review recent purchases to determine whether any VAT has been charged in error. It would also seem sensible to review cash flow projections and stock levels to confirm whether it makes sense to bring forward orders before 31 July.

When you buy PPE which is subject to VAT, you should also consider whether the equipment is used in a way which allows that VAT to be claimed back from HMRC. This could apply to a wide range of bodies such as pharmacies, GP dispensing practices, NHS acute trusts, academies, charities and local government. It may be necessary to use a methodology to identify the proportion of PPE which is used in this way.

If you have any questions, please do not hesitate to contact Alison Horner, the partner who leads our indirect tax practice.

Contact Us