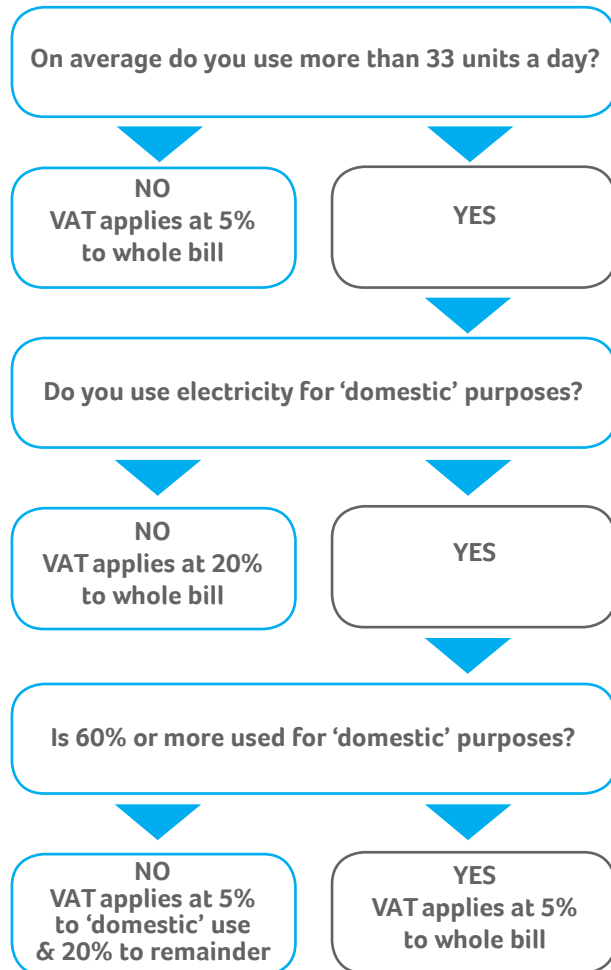


Guide to VAT on electricity in business



Notes:

1. The above is a guide only – please read leaflet for more details.
2. Applies to customers with business or combined business/residential tariffs only.
3. 'Domestic' use includes 'charitable non-business' use by charities.
4. To claim the lower rate VAT you must complete and return the tear-off VAT declaration form in this booklet

VAT general enquiries

Please contact HM Revenue and Customs at:

VAT Helpline 0300 200 3700

(Lines open Mon to Fri, 8am to 6pm)

www.hmrc.gov.uk

VAT guidance for charities

In Northern Ireland HM Revenue and Customs decides whether bodies have charitable status.

Helpline 0300 123 1073

(Lines open Mon to Fri, 8am to 5pm)

www.hmrc.gov.uk

Climate Change Levy enquiries

National Advice Service

0300 200 3700

(Lines open Mon to Fri, 8am to 6pm)

www.hmrc.gov.uk

Power NI billing enquiries only

Customer Helpline

03457 455 455

(Lines open Mon to Fri, 9am to 5pm)

www.powerni.co.uk

The Consumer Council

Elizabeth House, 116 Hollywood Road, Belfast
BT4 1NY
Call: 0800 121 6022
Email: complaints@consumercouncil.org.uk
www.consumercouncil.org.uk

Power NI

PO Box2067, Belfast, BT1 9PP
Tel: 03457 455 455

VAT and your electricity bill



How much VAT is on bills?

Generally speaking electricity used for business purposes is subject to VAT at 20%. However the actual rate you pay depends on:

- ✓ How much electricity you use
- ✓ What you use it for
- ✓ Whether you are a registered charity

Thirty three units a day

If on average you use less than **33 units of electricity a day** (around 3,000 a quarter) VAT will apply at 5%. This rule applies whether you use electricity for 'business' or 'domestic' purposes. It also applies whether your bill is based on a meter reading or an estimate.

Domestic Use

If you use electricity for 'domestic' purposes you are entitled to pay VAT at 5%. For more information contact HM Revenue and Customs and ask for Notice 701/19. 'Domestic' use includes:

- ✓ **A house, flat or other self-contained dwelling**
- ✓ **Certain types of residential accommodation such as a children's home, hospice or care home for the elderly or people with disabilities**
- ✓ **A caravan or houseboat**
- ✓ **Self-catering holiday accommodation**

The following are generally not entitled to claim the lower rate VAT:

- **Hotels, guesthouses, B&B's and similar establishments**
- **Prisons and similar institutions**
- **Hospitals**

To claim the lower rate VAT please complete and return the tear-off 'VAT Declaration' form of this booklet.

Combined Business and Domestic use (including farms)

Customers can apply to pay 5% VAT for the 'domestic' portion of their bill. Since the meter cannot show this separately the customer must declare, as a percentage, how much electricity is for 'domestic' use.

You must be able to demonstrate to HM Revenue and Customs how you arrive at this figure. If 'domestic' use is 60% or more then VAT will be applied to the whole bill at 5%. To claim the lower rate VAT please complete and return the tear-off 'VAT Declaration' form of this booklet.

Example:

In a caravan park electricity is supplied to the individual caravans plus the site shop. Since electricity used in a caravan qualifies as 'domestic' use it attracts VAT at 5%. Electricity used in the shop is for 'business' use and attracts VAT at 20%. The site owner calculates that 90% of the electricity used on the site is in the caravans and only 10% in the shop. He therefore puts 90% 'domestic' use on the VAT Declaration form. However since he has declared more than 60% 'domestic' use VAT will be applied to the whole bill at 5%.

Charities

Charities are generally not entitled to claim VAT at 5% unless the electricity is used for one of the 'domestic' purposes listed. However they may claim VAT at 5% for electricity used for providing 'charitable non-business' activities such as free day care for people with disabilities. For more information contact HM Revenue and Customs and ask for Notice 701/1.

To claim the lower rate VAT you must complete and return the tear-off 'VAT Declaration' section of this booklet.

Climate Change Levy (CCL)

CCL applies to electricity which attracts VAT at 20%. Certain businesses may claim exemption from CCL. For more information contact HM Revenue and Customs and ask for a PP 11 form.

VAT Declaration Form

Please complete and return to Power NI,
Commercial Billing Department, PO BOX 103, Antrim, BT41 9BB

Business/Organisation details

Name _____

Address _____

Postcode _____

Account Number (from your electricity bill)

VAT Registration Number (if required)

Charity Number (if required)

Percentage of electricity claimed
at lower rate VAT _____%

This electricity is for (please tick):

Domestic Use Charitable non-business use

I declare that the information given is correct and complete. I undertake to inform Power NI of any significant change in circumstances and I understand that any incorrect statement may make me liable to a financial penalty under the VAT Act.

Signed _____ Date _____

Director / Partner/ Owner/ Occupier (delete as appropriate)

Full name (please print)
