

Guidance Note 6

Annex 1 - VAT Classifications

In the table below you'll find an example coding system used by a local authority to organise activities by their respective VAT classifications. The coding system was established to conform with their accounting systems and illustrates an approach to organising VAT monitoring.

This list is provided to demonstrate the use of VAT identifiers and is intended only as a guide to the introduction of VAT; the application of VAT can vary with the nature of the supply, the debtor or creditor. If you have a query you should seek further assistance.

Outside the scope of VAT **code 0**

An unregistered supplier of goods/services
Invoices which do not qualify as "proper" tax invoices.
Inter-departmental supplies ie within a local authority
Non-business supplies e.g. Rates, council house rents, primary and secondary education.

Exempt from VAT **code E**

Burial and cremation (disposal of bodies)
Education (for a fee)
Health and welfare
Insurance
Postal services
Land transactions (unless exemption waived)

Zero rate - a rate of tax set at 0% **code Z**

Books
Children's clothing (under age 13)
Drugs (prescribed)
Food (not takeaway foods! meals, confectionery etc)
Sewerage and water services
Transport (over 12 seats including crew, with driver provided)

Lower rate VAT currently 5% **code 5**

Fuel supplied for qualifying use (domestic or certain charity uses). Subject to quantity and supply restrictions to prevent misuse, larger quantities are standard rated.

Standard rate VAT currently 17.5% **code 2**

Goods and services which are not covered by any other category.

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