

Treasury cut taxes to reduce PPE costs

News story

From tomorrow (1 May 2020), PPE purchased by care homes, businesses, charities and individuals to protect against Covid-19 will be free from VAT for a three-month period.



- a zero-rate of VAT will apply to sales of personal protective equipment (PPE) for Covid-19 from 1 May 2020 until 31 July 2020
- move will save care homes and businesses more than £100 million
- comes after import duty also removed from PPE

VAT on essential personal protective equipment (PPE) for Covid-19 will be temporarily scrapped saving more than £100 million for care homes and businesses dealing with the coronavirus outbreak, the government has announced.

From tomorrow (1 May 2020), PPE purchased by care homes, businesses, charities and individuals to protect against Covid-19 will be free from VAT for a three-month period.

Ministers have already removed import duties from PPE to ensure more essential equipment can get to the front line quicker.

The government has acted as soon as possible to bring the measure into force. EU law governing VAT – which the UK is bound to until the end of the transitional period – requires the UK to charge VAT on the equipment.

The government is acting under an exceptional basis allowed by EU rules during health emergencies. The European Commission recently indicated support for member states to introduce temporary VAT reliefs to mitigate the impacts of the Covid-19 pandemic.

The move will particularly benefit care providers, who are often unable to reclaim the 20% VAT they incur on their purchases.

The government is providing the NHS with the funding necessary to purchase PPE and has committed to providing extra funding to ensure the NHS has

whatever it needs to tackle Covid-19.

The government has already acted to speed up PPE supply, harnessing the power of UK industry, scouring the world for new stocks, and creating a giant distribution network to send PPE to keyworkers around the country.

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