

Rates of VAT

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These are the standard rates of VAT that have been imposed since the tax was introduced in 1973.

The VAT fraction calculates the VAT element of a VAT-inclusive figure.

From	Rate	VAT fraction
4 January 2011	20%	1/6
1 January 2010	17.5%	7/47
1 December 2008	15%	3/23
1 April 1991	17.5%	7/47
18 June 1979	15%	3/23
29 July 1974	8%	2/27
1 April 1973	10%	1/11

A reduced rate of 5% was introduced on 1 September 1997.

There was an 8% rate for fuel from 6 April 1993.

There was a higher rate of 25% for petrol from 18 November 1974. This was extended to luxury goods on 1 May 1975, reduced to 12.5% on 12 April 1976 and subsumed by the 15% standard rate in 1979.

Registration and deregistration thresholds

A business must register if its taxable supplies have exceeded the annual registration threshold for the last 12 months, or are expected to exceed the threshold in the next month.

A business whose turnover for the past 12 months is below the deregistration threshold or is expected to be below the threshold for the next 12 months may deregister

From	Registration	Deregistration
1 April 2011	£73,000	£71,000
1 April 2010	£70,000	£68,000
1 April 2009	£68,000	£66,000
1 April 2008	£67,000	£65,000
1 April 2007	£64,000	£62,000
1 April 2006	£61,000	£59,000
1 April 2005	£60,000	£58,000
1 April 2004	£58,000	£56,000
10 April 2003	£56,000	£54,000
25 April 2002	£55,000	£53,000
1 April 2001	£54,000	£52,000
1 April 2000	£52,000	£50,000

1 April 1999	£51,000	£49,000
1 April 1998	£50,000	£48,000
1 December 1997	£49,000	£47,000
27 November 1996	£48,000	£46,000
29 November 1995	£47,000	£45,000
30 November 1994	£46,000	£44,000
1 December 1993	£45,000	£43,000

Before 1 December 1993, the deregistration threshold changed on a different date from the registration threshold.

From	Registration	From	Deregistration
17 March 1993	£37,600	1 May 1993	£36,000
11 March 1992	£36,600	1 May 1992	£35,100
20 March 1991	£35,000	1 May 1991	£33,600
21 March 1990	£25,400	1 June 1990	£24,400

Before 21 March 1990, there were two registration thresholds. The annual threshold was used as now, but there was also a quarterly return. A business had to register if its turnover exceeded the quarterly threshold in any quarter unless it could show that this quarter and the next three quarters were unlikely to exceed the annual threshold.

Before 15 March 1987, it was not possible to deregister on the basis of expected future turnover.

From	Annual	Quarterly	From	Deregistration
15 March 1989	£23,600	£8,000	1 June 1989	£22,600
16 March 1988	£22,100	£7,500	1 June 1988	£21,100
17 March 1987	£21,300	£7,250	1 June 1987	£20,300
19 March 1986	£20,500	£7,000	1 June 1986	£19,500
20 March 1985	£19,500	£6,500	1 June 1985	£18,500
14 March 1984	£18,700	£6,200	1 June 1984	£17,700
16 March 1983	£18,000	£6,000	1 June 1983	£17,000
10 March 1982	£17,000	£6,000	1 June 1982	£16,000
11 March 1981	£15,000	£5,000	1 June 1981	£14,000
27 March 1980	£13,500	£4,000	1 June 1980	£12,500
12 April 1978	£10,000	£3,500	1 July 1978	£8,500
1 October 1977	£7,500	£2,625	1 Oct 1977	£6,000
1 April 1973	£5,000	£1,750	1 April 1973	£4,000

Cash accounting limits

A business may use cash accounting if its annual taxable supplies does not exceed the limit below. A business may continue to use cash accounting until the turnover exceeds a higher limit.

From	May join	Must leave
1 April 2007	£1,350,000	£1,600,000
1 April 2004	£660,000	£825,000
1 April 2001	£600,000	£750,000
1 April 1993	£350,000	£437,500
1 October 1990	£300,000	£375,000
1 October 1987	£250,000	£312,500