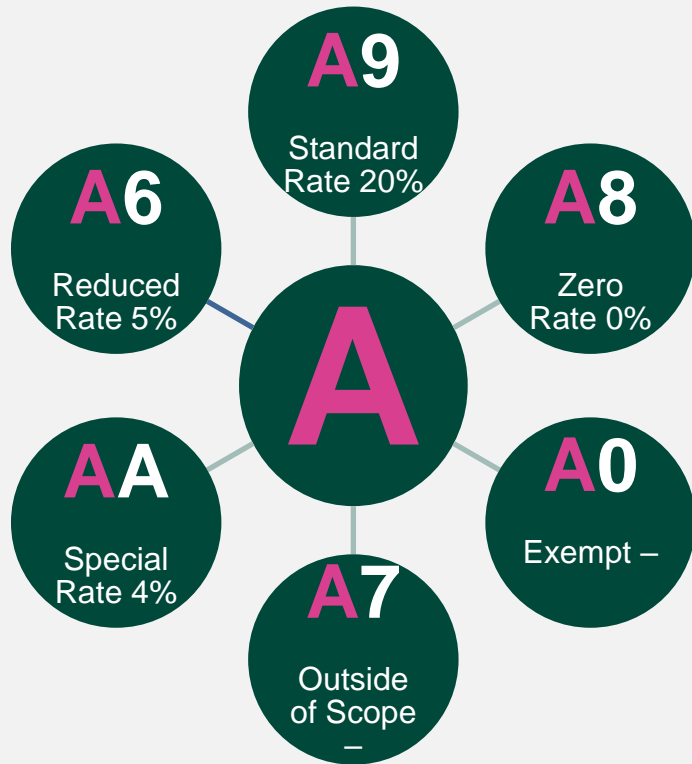


# How to code VAT on IBC/SAP

## Income & Sales



The VAT code for **all sales/income** must start with 'A'

## Purchases & Expenditure



The VAT code for **all purchases** must start with 'V'

If you can't see the supply or service, you are looking for don't guess, **ASK!**  
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	Rate	Inc. Code	Exp. Code	Definition	Common Examples
<b>Standard Rate</b>	20%	<b>A9</b>	<b>V9</b>	A supply is standard rated if it fails to meet the criteria for any of the other VAT rates.	Most goods and services are standard rate.
<b>Reduced Rate</b>	5%	<b>A6</b>	<b>V6</b>	Reduced rate supplies and services are taxed at a reduced rate, currently set at 5%. Government can review this rate at any point.	<ul style="list-style-type: none"> <li>• Certain supplies of fuel (excluding road fuels) and energy, mainly for domestic or charitable use</li> <li>• Some materials used in energy efficiency projects</li> </ul>
<b>Zero Rate</b>	0%	<b>A8</b>	<b>V8</b>	A zero-rated item is still considered a taxable item and although currently at 0%, government can review this at any point and the percentage may change.	<ul style="list-style-type: none"> <li>• Certain basic food items</li> <li>• Books and magazines</li> <li>• Children's clothing up to set size limits</li> <li>• Certain supplies to charitable organisations / the disabled.</li> <li>• Public transport</li> </ul>
<b>Exempt</b>	-	<b>A0</b>	<b>V0</b>	VAT cannot be charged on exempt supplies and services.	<ul style="list-style-type: none"> <li>• Certain land and property transactions or lettings</li> <li>• Certain health-related supplies</li> <li>• Certain supplies to or by charitable organisations</li> <li>• Education/vocational training provided by an eligible body for a charge</li> </ul>
<b>Outside of Scope / Non business</b>	-	<b>A7</b>	<b>V7</b>	This applies to supplies and services that are outside the VAT system.	<ul style="list-style-type: none"> <li>• Supplies made by an organisation that is not registered for VAT</li> <li>• Grants</li> <li>• Statutory fees and charges (very common for local authorities)</li> <li>• Penalties</li> <li>• Supplies between OCC internal departments and OCC schools</li> <li>• Pupil Premium</li> <li>• Genuine donations</li> <li>• Repayments from insurance companies for staff absence</li> <li>• Assessed statutory care</li> </ul>
<b>4% special rate</b>	4%	<b>AA</b>	<b>VA</b>	This ONLY applies to supplies with HMRC agreed special rate extended accommodation charges	<ul style="list-style-type: none"> <li>• Only used for extended accommodation charges – please ask before using this code.</li> </ul>

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