

Foreword

This notice cancels and replaces Notice 701/14 (October 1997). Details of any changes to the previous version can be found in paragraph 1.1 of this notice.

Further help and advice

If you need general advice or more copies of Customs and Excise notices, please ring the **National Advice Service** on **0845 010 9000**. You can call between **8.00 am and 8.00 pm, Monday to Friday**.

If you have **hearing difficulties**, please ring the **Textphone** service on **0845 000 0200**.

If you would like to speak to someone in **Welsh**, please ring **0845 010 0300**, between **8.00 am and 6.00 pm, Monday to Friday**.

All calls are charged at the local rate within the UK. Charges may differ for mobile phones.

Other notices on this or related subjects

[709/1 Catering](#)

[701/40 Food processing services](#)

[701/38 Seeds and plants](#)

[701/15 Animals and animal food](#)

1. Introduction

1.1 What is this notice about?

This notice explains when food can be zero-rated.

It has been rewritten and restructured to improve readability but the technical content has not changed from the October 1997 edition (with accompanying Updates). Food processing is now contained in a new notice 701/40 Food processing services.

It and others mentioned are available both on paper and on our Internet website at www.hmce.gov.uk.

1.2 Who should read this notice?

You should read this notice if you are a food:

- producer;

- manufacturer;
- wholesaler; or
- retailer.

1.3 What law covers this subject?

The VAT Act 1994 of which:

- **Section 30** states that supplies of goods and services specified in Schedule 8 to the Act are zero-rated; and
- **Schedule 8, Group 1** specifies when food of a kind used for human consumption is zero-rated.

2. General VAT liability rules

2.1 Food supplied in the course of catering

You must always standard-rate food supplied in the course of catering, including hot take-away food. Further information can be found in Notice 709/1 Catering and take-away food.

2.2 Food not supplied in the course of catering

Most food of a kind used for human consumption (see paragraph 2.3) is zero-rated. There are, however, some exceptions as follows:

You must always standard-rate (SR)...	but you can zero-rate (ZR)...
ice cream, similar products, and mixes for making them – see 3.5; confectionery, apart from cakes and some biscuits, – see 3.6; alcoholic beverages, – see 3.7; other beverages, and preparations for making them – see 3.7; potato crisps, roasted or salted nuts and some other savoury snack products – see 3.8 and; products for home brewing and wine	frozen yoghurt that is designed to be thawed before being eaten; drained cherries and candied peel; and milk and milk drinks, tea, maté, herbal tea, coffee & cocoa; and preparations of yeast, meat and egg.

making – see 3.7.	
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How these criteria apply to general and specialised food products is explained in sections 3 and 4.

2.3 What does ‘food of a kind used for human consumption’ mean?

A product is ‘food of a kind used for human consumption’ if:

- the average person, knowing what it is and how it is used, would consider it to be food or drink; **and**
- it is fit for human consumption.

The term includes:

- products eaten as part of a meal, or as a snack; and
- products like flour, which, although not eaten by themselves, are generally recognised food ingredients.

The term would not usually include:

- medicines and medicated preparations;
- dietary supplements, food additives and similar products, which, although edible, are not generally regarded as food.

Some produce that is unfit for human consumption, such as waste and contaminated food products (including used cooking oil), may be eligible for zero-rating as animal feeding stuffs – see Notice 701/15 Animals and animal food.

Produce which is unfit for either human or animal consumption (for example, abattoir offal sold for processing into fertiliser) is standard-rated.

2.4 Food processing services

If you apply a treatment or process to another person’s goods so that new zero-rated food products are produced, you can zero-rate your services. Further information can be found in Notice 701/40 Food processing services.

3. General food products

This section explains how the criteria for zero-rating explained at paragraph 2.2 apply to general food products supplied for both home consumption and for processing within the food industry.

If you are supplying food in the course of catering you should read Notice 709/1 Catering and take away food.

3.1 Basic foodstuffs

You can zero-rate all supplies of unprocessed foodstuffs such as:

- raw meat and fish;
- vegetables and fruit;
- cereals, nuts and pulses; and
- culinary herbs,

whether you supply them direct to the public or for use as ingredients in the manufacture of processed foods, **provided they are fit for human consumption.**

In summary:

Food Item	Rate of VAT	Notes
Meat & poultry – beef, lamb, pork, chicken etc.	ZR	Butchered or complete carcass
Exotic meat – horse, ostrich, crocodile, kangaroo, etc.	ZR	Butchered or complete carcass
Live animals	ZR	If of a species generally used for human consumption
Live horses	SR	Not a recognised food species, see Notice 701/15 Animals and animal food
Animal products other than for human or animal food	SR	For example, for medicinal purposes
Fish	ZR	If fit for human consumption
Live fish	ZR	If of a species generally used for human consumption
Ornamental fish – such as Koi carp	SR	If prepared for human consumption, they are zero-rated
Fish for bait	SR	Unless fit for human consumption

Fish withdrawn from the food market under EC fisheries rules	ZR	If of a quality fit for human consumption
Vegetables & fruit	ZR	If of a quality fit for human consumption. However, for growing plants and seedlings, see Notice 701/38 Seeds and plants
Culinary herbs and spices	ZR	See Notice 701/38 Seeds and plants
Ornamental vegetables	SR	For example cabbages, that are grown for their appearance rather than consumption
Fruit and vegetable pulps	ZR	
Juice and juice concentrates	SR	Beverages or products for the preparation of beverages are standard-rated – see paragraph 2.2
Cereals	ZR	However supplied, such as growing crop, bulk or retail. See also Notice 701/15 Animals and animal food
Nuts & pulses	ZR	If raw and unprocessed for human consumption. Also roasted or salted nuts in their shells, however supplied bulk or retail – see also Notice 701/15 Animals and animal food
Nuts if shelled and either roasted or salted	SR	

3.2 Ingredients and additives used in home cooking and baking

As a general principle, you can zero-rate a product sold for use as an ingredient in home cooking or baking if it:

- has some measurable nutritional content;

- is used solely or predominantly, in the particular form in which it is supplied, in the manufacture of food; and
- is not one of the excepted items – see paragraph 2.2.

In summary:

Food Item	Rate of VAT	Notes
Prepared cake, sauce, soup and other mixes	ZR	For making up in the home kitchen
Mixes for ice-cream and similar frozen products	SR	See paragraph 3.5
Vegetable oils, maize (corn), rapeseed, groundnut (arachis), olive (including olive oil BP), almond (but not bitter almond oil), sesame seed, sunflower seed, palm kernel, walnut, soya and blends of these	ZR	Even if they are used as massage or cosmetic oils, provided they are of a type and grade suitable for culinary purposes, and they do not contain any substance, such as perfume, that would make them unsuitable for culinary use
Linseed oil and essential oils	SR	Not food
Waste and used oil for recycling	SR	May be eligible for relief as animal feed – see Notice 701/15 Animals and animal food
Starch & gelatine	ZR	Provided they are edible. This does not apply to starch for stiffening shirt collars, or 'photographic' gelatine
Salt for culinary use	ZR	Including fine salt, dendritic salt, and, in retail packs (12.5g or less) - rock and sea salt
Non-culinary salt	SR	Including compacted salt (pellets & tablets), granular salt, rock salt (other than retail packs), soiled salt, salt for dishwashers and salt of any type for non-food use
Sweeteners	ZR	Including natural products like honey & sugar, and artificial

		products like saccharin, aspartame and sorbitol
Flavourings and flavour enhancers	ZR	Including natural essences such as peppermint & vanilla, culinary rosewater and synthetic flavourings
Flavouring mixes	ZR	Including dusting powders, blended seasonings and marinating mixes, whether natural or synthetic
Monosodium glutamate	SR	Not a food product in its own right
Other food additives such as baking powder, cream of tartar, rennet, lactase & pectin for culinary use	ZR	
Non-food additives such as bicarbonate of soda, saltpetre & other single chemicals for use in brining or other processing of meats or fish	SR	

3.3 Processed foods

If you supply processed foodstuffs you need to check that they are not standard-rated – see paragraph 2.2. If you have a substantial lunchtime trade, for example in ready-to-eat pies, pasties and sandwiches, you may also have to decide whether your supplies are in the course of catering and therefore standard-rated – see paragraph 2.1.

In summary:

Food Item	Rate of VAT	Notes
Canned and frozen food other than ice cream and similar frozen products	ZR	These have the same liability of the unprocessed product, such as peas or fish
Ice creams, sorbets, frozen yoghurt (designed to be eaten as such) or ice lollies	SR	See paragraph 3.5
Chilled or frozen ready meals, convenience foods etc	ZR	For further preparation, such as reheating at home

Sandwiches – as a general grocery item	ZR	Zero-rated as prepared food
Sandwiches – as part of a party or buffet service	SR	A supply of catering – see paragraph 2.1

3.4 Bakery products

Although most traditional bakery products, such as bread, biscuits and cakes, are zero-rated, some confectionery is standard-rated including:

- biscuits wholly or partly covered in chocolate (or some product similar in taste and appearance); and
- any item of sweetened prepared food, other than cakes and non-chocolate biscuits, which is normally eaten with the fingers.

See also paragraph 3.6

In summary:

Zero-Rated	Standard-Rated
Bread and bread products such as rolls, baps and pitta bread	The same products supplied as part of a hot take-away meal, such as a hot hamburger in a bun, or a hot kebab in a pitta or to “eat in” – see Notice 709/1 Catering and take-away food
Cakes including sponges, fruit cakes, meringues, commemorative cakes such as a wedding, anniversary or birthday cakes	Cakes supplied in the course of catering – see Notice 709/1 Catering and take-away food
Slab gingerbread	
Flapjacks	Cereal, muesli and similar bars with honey or other added sweetening matter
Marshmallow teacakes (with a crumb, biscuit or cake base topped with a dome of marshmallow coated in either chocolate, sugar strands or coconut)	“Snowballs” without such a base are classed as confectionary
“Crunch cakes” - corn flakes or any other breakfast cereal products coated in chocolate or carob and pressed into brittle flat cakes	Florentines
Caramel or “millionaire’s” shortcake	Shortbread partly or wholly chocolate-

consisting of a base of shortbread topped with a layer of caramel and (usually) chocolate or carob	covered
Lebkuchen	Coconut ice

3.4.1 Cake Decorations

If you sell inedible cake decorations with a cake, such as silvered horseshoes or bride and groom figures with wedding cakes, you do not have to treat your supply as a mixed supply and account for VAT on the decoration unless it is clearly a separate item in its own right. For example, a toy supplied as decoration to a child's birthday cake which is clearly intended to be kept and played with after the cake has been eaten. However you may still be able to treat the supply of the cake and the toy as a single supply if the linked goods conditions are met, see paragraph 6.1.

In summary:

Zero-Rated	Standard-Rated
Chocolate couverture, chips, leaves, scrolls etc (designed specifically as cake decorations)	Chocolate buttons
Jelly shapes, sugar flowers, leaves etc designed specifically as cake decorations	Chocolate flakes (except when they are supplied within the bakery and ice cream industries, when they may be zero-rated if sold in packs of one gross or more, clearly labelled " for use as cake decorations only: not for retail sale ")
Hundreds and thousands, vermicelli and sugar strands	Any other items which are sold in the same form as confectionery
Royal icing	
Toasted coconut and toasted almonds held out specifically for baking use	
Cherries used in baking (often described as "glacé")	
Edible cake decorations whether sold as part of a cake or sold separately unless they fall within the exceptions relating to confectionery (see paragraph 3.6) or roasted nuts (see paragraph 3.8)	Inedible cake decorations sold on their own

3.4.2 Biscuits

Biscuits covered or partly covered in chocolate or some other products similar in taste and appearance to chocolate are standard-rated.

In summary:

Zero-Rated	Standard-Rated
Chocolate chip biscuits where the chips are either included in the dough or pressed into the surface before baking	All wholly or partly coated biscuits including biscuits decorated in a pattern with chocolate or some similar product
Bourbon and other biscuits where the chocolate or similar product forms a sandwich layer between two biscuit halves and is not continued onto the outer surface	Chocolate shortbread
Jaffa cakes	Gingerbread men decorated with chocolate unless this amounts to no more than a couple of dots for eyes
Biscuits coated with caramel or some other product that does not resemble chocolate in taste and appearance	Ice cream wafers partly covered in chocolate such as "chocolate oysters"

3.4.3 Hot Food

Many bakery products, particularly pies, pasties and other savouries, are baked on the retail premises, and are sold while hot. If you sell products that are hot simply because they are freshly baked, with no intention of supplying them to be eaten while hot, they can be zero-rated. However, if you sell hot food specifically for consumption while still hot, then this is a supply in the course of catering and standard-rated. The borderline between "freshly baked" and "hot take-away" food can be a difficult one, and if you sell any hot food you are advised to read Notice 709/1 Catering and take-away food which sets out the distinction in more detail. If you are still in any doubt contact our National Advice Service.

3.5 Ice cream and similar frozen products

You must standard-rate your supplies of **any** product designed to be eaten while frozen.

Products which are supplied frozen, but have to be cooked before they can be eaten, or which have to be thawed completely before eating, are zero-rated.

In summary:

Zero-Rated	Standard-Rated
Baked Alaska	Ice cream and ice lollies
Cream gateaux	Ice cream gateaux and cakes, including arctic rolls

Mousse	Water ices, sorbets and granitas
Frozen yoghurt which needs to be thawed completely before it can be eaten and which has been frozen purely for storage or distribution	Frozen yoghurt
Desserts which are equally suitable for consumption frozen or defrosted (unless primarily designed for eating frozen and made substantially of ice cream or similar products)	Powders and mixes for making ice creams and similar frozen products, including incomplete mixes and emulsions used by the trade and fruit syrups sold in plastic tubes for home freezing as ice lollies
Wafers and cones	Wafers and cones sold with ice cream or similar products
Toppings, sauces and syrups unless sold with ice cream or similar products	

3.6 Confectionery

Standard-rated confectionery includes, chocolates, sweets and candies, chocolate biscuits and any other “items of sweetened prepared food which is normally eaten with the fingers” – **and** which must be both sweetened and have some sweetness to the taste.

Here are some examples of standard and zero-rated confectionery:

Zero-Rated	Standard-Rated
Cakes including sponge cakes, pastries, eclairs, meringues, flapjacks, lebkuchen and marshmallow teacakes	Chocolates, bars of chocolate including those containing nuts, fruit, toffee, or any other ingredients, diabetic chocolate, liqueur chocolates and similar sweets
Chocolate spread, liquid chocolate icing, chocolate couverture, and chocolate chips, strands, vermicelli etc held out for sale solely for culinary use; chocolate body paint	Sweets, pastilles, gums, lollipops, candy floss, sherbet, chewing gum, bubble gum, Turkish delight, marshmallow, fondants and similar confectionery
Biscuits coated with icing, caramel or some other product different in taste and appearance from chocolate	Compressed fruit bars, consisting mainly of fruit and nuts, with added sweetening matter (including honey)
Chocolate cups	Sweetened popcorn
Toffee apples and other apples on a stick	Nuts or fruit with a coating, for example

covered in chocolate, nuts etc	of chocolate, yoghurt or sugar
Ginger preserved in syrup, drained ginger or dusted ginger can be zero-rated as long as it is not held out for sale as confectionery	Crystallised, sugared or chocolate covered ginger
Candied peels, angelica, drained cherries for use in home baking often described as “glacé” cherries and cocktail or maraschino cherries	Drained, glacé or crystallised fruits including Petha, Marrons glacés
Halva (unless coated with chocolate or chocolate substitute or held out for sale as confectionery)	Bars consisting mainly of sesame seeds and sugar or other sweetening matter
Edible cake decorations	Cereal bars, whether or not coated with chocolate, with the exception of bars which qualify as cakes
Sweetened dried fruit held out for sale as snacking and home baking	Sweetened dried fruit held out for sale as confectionery/snacking
Traditional Indian and Pakistani delicacies such as barfis, halvas, jelabi, laddoos; and traditional Japanese delicacies	Slimmers’ meal replacements in biscuit form that are wholly or partly covered in chocolate or something similar in taste and appearance

3.7 Drinks

Although most drinks (other than medicinal drinks) are considered to fall within the general category of “food” for VAT purposes, many drinks are standard-rated as alcoholic or non-alcoholic beverages. For VAT purposes, a beverage is:

a liquid commonly consumed to increase bodily liquid levels, to slake thirst, to fortify or to give pleasure.

A number of non-alcoholic beverages are, however, specifically allowed zero-rating. These are listed at paragraph 3.7.2.

3.7.1 Alcoholic beverages

You must standard-rate all your supplies of drinks containing alcohol, whether you sell them for consumption on or off your premises. Examples include:

- beer, cider and perry (including black beer and shandy);
- wine (including made-wine and fermented communion wine); and
- spirits and liqueurs.

This standard-rating only applies to beverages containing alcohol. Other food products containing alcohol follow the normal liability rules, for example:

Zero-Rated	Standard-Rated
Fruit preserved in alcohol	Liqueur chocolates
Alcoholic dessert jellies	Semi-set alcoholic jellies designed to be swallowed as cocktails
Rum babas	

3.7.2 Non-alcoholic beverages

Some non-alcoholic beverages are zero-rated. Here are some examples:

Zero-Rated	Standard-Rated
Milk and flavoured milk drinks (including milk shakes)	Flavourings for milk shakes (except preparations and extracts of cocoa or coffee, which are zero-rated)
Tea, maté, herbal teas and similar products, and preparations and extracts of these (but this does not include soft drinks containing tea as only one of several ingredients)	Purgative and laxative "teas", such as senna, and similar medicinal teas.
Cocoa and drinking chocolate and other preparations and extracts of cocoa	Mineral, table and spa waters held out for sale as beverages
Coffee and chicory and other roasted coffee substitutes, and preparations and extracts of these (including coffee extracts for flavouring milk shakes)	Alcohol-free beer and wines
Preparations and extracts of meat, yeast, egg or milk	Ginger, glucose, honey, peppermint and barley water drinks
	Syrups, crystals, powders and flavourings for making any standard-rated drink
	Carbonated drinks such as lemonade, cola and mixers such as tonic and soda
	Fruit cordials and squashes

All hot beverages are standard-rated and **all** beverages sold for consumption on your premises are standard-rated.

3.7.3 Drinks which are not beverages

There are a number of types of drinks which do not fall within the above definition of a beverage. These (and the mixes etc for making them) can be zero-rated. They are:

- plain soya or rice milk (unflavoured and unsweetened);
- coconut milk;
- meal replacement drinks for slimmers or invalids;
- unfermented fruit juice intended specifically for sacramental purposes (see paragraph 4.7); and
- Angostura Bitters.

3.7.4 Ingredients for home beer and wine making

Products that are canned, bottled, packaged or prepared for use in home wine or beer making are standard-rated. This includes:

- kits for home brewing, wine making etc;
- retail packs of hopped malt extract, malted barley, roasted barley, hops;
- special wine and brewers' yeasts;
- grape concentrates; and
- retail packs of foods, which are specialised to home wine making, such as dried elderberries or sloes for making country wines.

You must also standard-rate any general food product that you hold out for sale specifically for home wine making or brewing, such as fresh, dried or canned fruit, fruit juices and concentrates, barley, glucose and plant malt extract. In this context, you hold them out for sale for home brewing and wine making if you:

- sell them through a retail outlet that specialises in home brewing and wine making materials;
- sell them in the home brewing and wine making department or section of a general outlet; and
- label, advertise or otherwise display them as materials for home brewing or wine making, or provide with them or on their packaging any brewing or wine making recipes, or instructions for using them in the making of beer or wine (for example, the amount of sugar required for their fermentation or the type of yeast to be used).

3.8 Savoury snacks

3.8.1 General

The following three categories of savoury snack products are standard-rated:

- Potato snacks, made from sliced potato or from potato flour or starch (although a small amount of potato flour in the recipe of a savoury biscuit would not make that biscuit standard-rated if otherwise it had none of the characteristics of a standard-rated potato product).
- Snacks made by the swelling of cereals. This applies only to products produced by the puffing of individual kernels or by an extrusion process where air is introduced under pressure into the cereal flour or starch paste during manufacture to produce an expanded, aerated product. These are frequently known in the trade as “light” products.
- Roasted and salted nuts.

For standard-rating to apply the potato and cereal products must also be packaged and ready to eat without any further preparation on the part of the customer. By packaged we mean pre-packed for retail sale in a sealed bag, carton or other container. Roasted or salted nuts are standard-rated even when sold loose.

Savoury snacks not falling within one or other of these three categories are zero-rated.

See paragraph 5.2 for advice on mixtures containing both standard and zero-rated constituents, for example, Bombay Mix.

In summary;

Zero-Rated	Standard-Rated
Savoury snacks consisting of sliced and dried or roasted vegetables other than potatoes for example beetroot, carrot etc	Potato crisps, potato sticks, potato puffs, and similar products including those made from a combination of potato starch or flour and cereal flour if the end product has the taste and texture of a potato product
Tortilla chips, corn chips, bagel chips, cocktail cheese savouries and Twiglets®	Savoury popcorn (but not corn for popping for example “microwave” popcorn)
Prawn crackers made from tapioca	Prawn crackers made from cereals (but not unpackaged prawn crackers, for example, those supplied in unsealed

	bags as part of a takeaway meal)
Roasted pulses and legumes, for example chick peas and lentils	Rice cakes (but not unflavoured rice cakes intended for consumption with cheese or other toppings)
Roasted or salted nuts supplied while still in their shells (such as “monkey nuts” and pistachios), toasted coconut, toasted almonds and other toasted chopped nuts held out for sale in retail packs specifically for home baking	All other roasted or salted nuts

4. Specialised products

4.1 General

Dietary products designed to meet particular nutritional needs, either as supplements to a normal diet, or as food for specialised groups of people, such as invalids, slimmers and sportsmen, are often sold through specialised health food outlets or chemists' shops. To determine the liability of these products you must consider whether they fall within the normal and everyday meaning of food – see paragraph 2.3.

4.2 Food supplements

Dietary supplements of a kind not normally purchased and used as food are standard-rated. This includes:

- vitamin and mineral supplements of all kinds;
- royal jelly products (but not regular food products such as honey which simply have royal jelly added to them);
- tablets, pills and capsules containing, for example, wheatgerm, iron, calcium, fibre, yeast, garlic, ginseng, pollen, propolis, seaweed, evening primrose, guarana or other similar herbal preparations, and powders of these other than garlic and yeast;
- charcoal biscuits;
- cod liver oil and other fish oils held out for sale as dietary supplements;
- elixirs and tonics, including mixtures of cider vinegar and honey sold as a dietary supplement; and

- malt extract with cod liver oil (but the supply of plain malt extract with or without added vitamins, is zero-rated unless it is held out for sale for home-brewing etc).

4.3 Invalid foods

These products are often supplied in liquid form or as a powder meant to be made up into a liquid. They include parenteral products, (products given intravenously). Provided the product is designed to meet nutritional needs, and not provide treatment for any medical condition, they can be zero-rated, subject to the normal rules and exceptions. Foods in liquid form, intended to build patients up, are zero-rated as food since they fall outside the definition of a beverage.

4.4 Diabetic and hypoallergenic products

You can also zero-rate specialised food products designed specifically for diabetics or allergy sufferers, such as sugar-free preserves or gluten-free flour and cakes. However, products such as sugar-free confectionery or gluten-free chocolate biscuits, are standard-rated in the same way as their mainstream equivalents.

4.5 Slimmers' foods

Low calorie foods designed for slimmers are treated in the same way as their mainstream food equivalents. Slimmers' meal replacement products (including drinks) are always zero-rated except for meal replacements in the form of confectionery such as chocolate or carob-coated biscuits or sweetened cereal or compressed fruit bars.

Appetite suppressants are not food, and must be standard-rated, whether supplied in pill, powder or other form. However, you can zero-rate a genuine slimmers' food product that contains an appetite suppressant, for example soups containing cellulose, provided that product is still obviously food and is meant to take the place of a "normal" food equivalent in the slimmer's daily food intake.

4.6 Sports products

There are a wide variety of these products available including drinks, tablets, and bars. The VAT liability of these is as follows:

4.6.1 Sports/energy drinks

Drinks that are preparations of milk, meat, yeast or egg are zero-rated in their own right – see paragraphs 3.7.2 and 3.7.3.

Sports energy drinks are standard-rated beverages (see paragraph 3.7) unless the product meets all the conditions below in which case it is zero-rated:

Condition	Description
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1	It is aimed at supplying energy to enhance performance and/or accelerate recovery after exercise and both the packaging and advertising of the product reflect this.
2	It is not primarily marketed for consumption as a soft drink.
3	Its primary purpose is <ul style="list-style-type: none"> • the provision of energy; or • the provision of creatine; or • to build bulk; but • not rehydration
4	It is in the form of powder, syrup, concentrate, essence, crystal or gel or is the equivalent of these with water added.
5	It has as its main ingredient(s), other than water: <ul style="list-style-type: none"> • carbohydrate the majority of which is not sugar, or • creatine, or • protein, or • a mixture of each.

4.6.2 Tablets

These are standard-rated, with the exception of glucose, dextrose and Horlicks® tablets, which are zero-rated.

4.6.3 Cereal/fruit bars

Standard-rated items include compressed fruit bars, consisting mainly of fruit and nuts, with added sweetening matter (including honey) and also cereal bars, whether or not coated with chocolate, with the exception of bars which qualify as cakes – see paragraph 3.6.

Standard-rating applies to any product falling within the general definition of confectionery even when that product is intended to meet the special nutritional needs of athletes.

4.6.4 Creatine

With the exception of sports/energy drinks (see above), items made up wholly or mainly of creatine are standard-rated. Where it is clear that the main benefit of the product is not the creatine but carbohydrate, protein or fat, then it is treated as a food, and will be zero-rated unless it falls within one of the exceptions.

4.7 Food and drink for religious and sacramental use

The existence of religious laws requiring certain foods to be prepared in particular ways (for example, kosher or halal) does not affect the liability of the final product, which is judged according to the normal VAT rules. However, the following concessions have been agreed in respect of some specialised food products, which have exclusively sacramental use:

- communion wafers used in the celebration of the Christian Communion, Mass or Eucharist are zero-rated;
- unfermented communion wine is also zero-rated (but fermented communion wine is standard-rated); and
- unfermented grape juice for use at the Jewish seder or kaddish is zero-rated provided it is marked prominently in English “for sacramental use only”.

5. Products used in commercial food manufacture

5.1 Introduction

Many substances used in the preparation of commercially produced foodstuffs would not be used in the domestic kitchen and are not immediately recognisable to the average person as ‘food’. In general:

- products included for their nutritional content are food, and
- products that are included for other than strictly nutritional reasons are not food and are standard-rated.

5.2 Ingredients

Most ingredients used in commercial food production are the same as those used in home cooking and baking, therefore the rules explained at paragraph 3.2 will apply.

In addition, natural or synthetic flavourings are zero-rated even if they have no measurable nutritional content provided they are essential to the making of that particular food, and they meet the 2nd and 3rd conditions of paragraph 3.2. Edible sausage skins are also zero-rated.

5.3 Additives

Many additives are included in foodstuffs for commercial rather than nutritional reasons, for example, to prolong shelf life or improve appearance. While they may be both necessary and desirable on commercial grounds (and in the case of preservatives, even on health grounds) they are standard-rated if they do not meet the conditions outlined at paragraph 3.2.

The following classes of commercial additives are standard-rated:

- preservatives including unflavoured wet and dry brine mixes and cures for curing or salting meats;
- anti-oxidants including vitamins A and E;
- vitamin supplements (including those required by law to fortify flour before it can be put on the market);
- stabilisers and thickening agents (including agar, carageenan, guar gum, gum arabic, gum tragacanth and xanthan gum, but not corn starch);
- fillers and bulking agents other than flour and starch;
- colourants (other than naturally derived colourings which are also food stuffs in their own right, such as caramel, cocoa, saffron and turmeric, and cochineal);
- flavour enhancers such as monosodium glutamate (MSG), ribonucleotides and hydrolysed vegetable protein (HVP); and
- flour improvers and bleaching agents.

A few commercial additives that add no nutritional content to the finished product are, however, accepted as zero-rated products because their action makes them essential to the production of a particular foodstuff. These are:

- food grade, naturally derived emulsifiers and stabilisers, such as lecithin, specifically tailored or mixed for food purposes (such as in margarine) which are essential to the production of that food and cannot be used for any other purpose;
- artificial sweeteners; and
- artificial flavourings.

6. Mixed supplies: mixtures, promotional linked items and packaging

6.1 Mixed supplies, including linked goods

If you supply standard and zero-rated food items (or zero-rated food items and standard-rated non-food items) together for a single price, this is a mixed supply for VAT purposes. The general rules for the treatment of mixed supplies and the way in which you should account for tax on them is dealt with in Notice 700 The VAT Guide.

Examples of mixed supplies are:

- food hampers;
- special gift or presentation packs containing linked items (like coffee supplied with a mug, tea with a pack of chocolate biscuits);
- linked goods promotions; and
- food supplied in or with re-usable storage containers.

Where, however, you supply together a **minor** standard-rated item with a main zero-rated food item you can treat the supply as a single supply of the main zero-rated item where the standard-rated item:

- is not charged at a separate price;
- costs you no more than 20% of the total cost of the supply; and
- costs you no more than £1 (excluding VAT).

Once these conditions have been met, the linked goods are treated throughout the rest of the distribution chain as a single zero-rated supply.

If you are not the person who linked the goods - for example, you are a wholesaler or retailer who received them already linked as a package - you may be unsure whether these conditions have been met. In many cases the standard-rated item is so minor that it is obvious, such as where a small plastic spoon is supplied with a yoghurt. In less obvious cases, your supplier's supporting documentation should tell you whether you can treat the package as a single zero-rated supply or not. If you are in any doubt, you should check the position with your supplier.

There are also special rules for the treatment of mixtures & assortments and packaging, which are covered in paragraphs 6.2 and 6.3.

6.2 Mixtures and assortments

Mixtures and assortments containing both standard-rated and zero-rated items are mixed supplies for VAT purposes. As a general rule you will therefore need to work out the tax value of each part of the mixture or assortment in order to calculate how much tax is due. You will find more about this in Notice 700 The VAT Guide.

However, as an exception to the normal rule, certain products containing only small quantities of standard-rated items may be treated as a single zero-rated supply.

The products are:	
1.	assortments of biscuits where the weight of standard-rated chocolate biscuits does not exceed 15% of the net weight of the whole;
2.	fruit and nut mixes (including Bombay and similar savoury mixes) where the weight of any standard-rated items, such as sweetened fruits, or pieces of chocolate or roasted nuts does not exceed 25% of the net weight of the whole;
3.	petits fours in assortments containing standard-rated chocolate biscuits or sweets where: <ul style="list-style-type: none">• the net weight of chocolate biscuits, or the combined net weight of chocolate biscuits and sweets, does not exceed 15% of the net weight of the whole; or• the net weight of sweets where sweets are the only standard-rated item does not exceed 25% of the net weight of the whole.

These concessions apply only to mixtures and assortments supplied in a single pack, not to “variety” selections of individual packs.

It is unlikely that any mixture or assortment, which does not pass these quantity tests, will meet the cost conditions of paragraph 6.1. However, if it does (if, for example, the standard-rated components of a fruit and nut mix exceed 25% of the total by weight, but still meet the cost conditions in paragraph 6.1) that mix can also be treated as a single zero-rated supply.

6.3 Food packaging

Packaging simply to contain, protect and promote the food it contains, is considered part of the supply of the food inside it, rather than a supply in its own right, and takes the same liability as its contents.

However, if you supply zero-rated foodstuffs in containers, which do more than contain, protect and promote their contents, these containers constitute supplies in their own right. Your supplies are then mixed supplies, and you must account for tax on that part of their price as described in paragraph 6.1 of this notice.

You must treat the following types of containers as separate supplies in their own right and account for tax on them (subject to the “linked goods” concession in paragraph 6.1 of this notice):

- any container which you specifically advertise or hold out for sale as having value in its own right (for example, by advertising the product as “with free storage tin”);
- any container with a clear and obviously intended after-use (such as tumblers containing coffee, honey or preserves in ceramic serving bowls);
- storage jars obviously intended for use in storing future supplies of the product, or other products;
- biscuit tins containing built-in hygroscopic crystals;
- tea caddies (but not simple tins bearing the supplier’s name and details of the weight and variety of the tea they contain, where it is the supplier’s practice to put out their tea in this way);
- ceramic pâté pots and other ceramic containers in the shape of birds, animals etc, or which are otherwise clearly suitable for future decorative use; and
- hampers and picnic baskets (other than simple cardboard cartons).

Seasonal packaging is frequently more elaborate than that supplied during the rest of the year (for example, Christmas overwraps or decorated tins in place of, or in addition to, a product’s normal paper or plastic packaging). Such packaging is not considered a separate supply unless it falls within one of the categories listed above.

Do you have any comments?

We would be pleased to receive any comments or suggestions you may have about this notice. Please write to:

**HM Customs and Excise
Social Exemptions and Zero Rates Team
4th Floor East
New Kings Beam House
22 Upper Ground
London
SE1 9PJ**

If you have a complaint or suggestion

If you have a complaint please try to resolve it on the spot with our officer. If you are unable to do so, or have a suggestion about how we can improve our service, you should contact one of our Regional Complaints Units. You will find the telephone number under 'Customs and Excise - complaints and suggestions' in your local telephone book. Ask for a copy of our code of practice 'Complaints and putting things right' (Notice 1000). You will find further information on our website at <http://www.hmce.gov.uk>.

If we are unable to resolve your complaint to your satisfaction you can ask the Adjudicator to look into it. The Adjudicator, whose services are free, is a fair and unbiased referee whose recommendations are independent of Customs and Excise.

You can contact the Adjudicator at:

The Adjudicator's Office
Haymarket House
28 Haymarket
LONDON
SW1Y 4SP

Phone: (020) 7930 2292

Fax: (020) 7930 2298

E-mail: adjudicators@gtnet.gov.uk

Internet: <http://www.adjudicatorsoffice.gov.uk/>