

VAT and your electricity bill



Power NI Business

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How much VAT is on bills?



Generally speaking, electricity used for commercial purposes is subject to VAT at 20%. However, the actual rate you pay depends on:

- ✓ How much electricity you use
- ✓ What you use it for
- ✓ If you are a registered charity

Thirty three units a day



If, on average, you use less than **33 units of electricity a day** (around 3,000 units a quarter) you will pay 5% VAT. This rule applies whether you use electricity for commercial or domestic purposes. It also applies whether your bill is based on an actual meter reading or an estimated reading.

Domestic use



If you use electricity for domestic purposes you are entitled to pay VAT at 5%. For more information contact HM Revenue and Customs and ask for Notice 701/19. Domestic use includes:

- ✓ A house, flat or self-contained dwelling
- ✓ Certain types of residential accommodation such as a children's home, hospice or care home
- ✓ A caravan or houseboat
- ✓ Self-catering holiday accommodation

The following are generally not allowed to claim the lower rate VAT:

- Hotels, guesthouses, B&Bs and similar establishments
- Prisons and similar institutions
- Hospitals

The Consumer Council
Floor 3, Seatem House, 28-32 Alfred St, Belfast BT2 8EN. Tel: 0800 121 6022
complaints@consumerCouncil.org.uk
www.consumerCouncil.org.uk

Combined commercial and domestic use (including farms)



Customers can apply to pay 5% VAT for the domestic portion of their bill. Since the meter can't show this separately the customer must declare, as a percentage, how much electricity is for domestic use.

You must be able to show HM Revenue and Customs how you worked out this figure. If domestic use is 60% or more then VAT will be applied to the whole bill at 5%.

Charities



Charities are generally not entitled to claim VAT at 5% unless the electricity is used for one of the domestic purposes listed. However, they may claim VAT at 5% for electricity used for providing charitable non-business activities such as free day care for the elderly. For more information contact HM Revenue and Customs and ask for Notice 701/1.

To claim the lower rate VAT for any of the above, please complete and return the VAT Declaration Form adjacent.

Climate Change Levy (CCL)



CCL applies to electricity where VAT at is charged at 20%. Certain businesses may claim exemption from CCL. For more information contact HM Revenue and Customs and ask for a PP 11 form.

VAT Declaration Form

Please complete and return to Power NI, Commercial Billing Department, PO BOX 103, Antrim, BT41 9BB

Business/organisation details

Name _____

Address _____

_____ Postcode _____

Account number (from your electricity bill)

VAT registration number (if required)

Charity number (if required)

Percentage of electricity claimed at lower rate VAT _____ %

This electricity is for **(please tick)**:

Domestic use Charitable non-business use

I declare that the information given is correct and complete. I undertake to inform Power NI of any significant change in circumstances and I understand that any incorrect statement may make me liable to financial penalty under the VAT act.

Signed _____ Date _____

Director /Partner/Owner/Occupier **(delete as appropriate)**

Full Name **(please print)**
