

# HM Treasury extends tax cut to PPE costs

## News story

The temporary scrapping of VAT on PPE has been extended until the end of October – saving care homes and businesses dealing with the coronavirus outbreak £155 million, the government announced today.



- temporary scrapping of VAT on personal protective equipment (PPE) for infection extended until the end of October
- the three-month extension will save care homes and businesses an estimated £155 million
- comes after VAT on PPE was temporarily zero-rated at the beginning of May and import duty on PPE was removed

The decision – which will make it easier and cheaper for care homes, charities and businesses to acquire the vital kit – comes after a temporary zero-rate of VAT was applied to PPE sales for an initial three months from 1 May 2020 to 31 July 2020.

Financial Secretary to the Treasury Jesse Norman said:

Extending the zero VAT rate on PPE will provide the relief needed by care homes in particular, so that as many people as possible continue to be protected against the coronavirus.

Due to the extension, the zero-rate will apply for six months in total with consumers including care homes, home care providers and businesses estimated to save an additional £155 million.

Ministers had previously removed import duties from PPE and medical supplies intended to assist with the response to the coronavirus pandemic in April 2020 to ensure more essential equipment can get to the front line quicker.

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.

But the government has acted 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.

Funding has been provided to DHSC to support the centralised procurement and supply of PPE, including supply to the NHS and care providers.

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

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