Selected VAT Issues

Introduction

1. This paper reviews VAT issues under three headings:

Annual VAT Revenue

2. VAT was the largest source of revenue within the Irish tax system between the years 2003 and 2008, however, from 2009 it was exceeded again by income tax revenues. As VAT is a transaction tax the yield greatly depends on the level of economic activity and consumer spending from which it derives. In 2010, VAT accounted for approximately €10,100 million or 32% of the overall tax yield to the Exchequer. The current estimate for the VAT yield in 2011 is €10,230 million.

I. VAT Rating and Structure, and Scope for Change

VAT Rates and Structure

3. The structure and scope under which Member States can apply VAT to goods and services are determined by EU law. Following the introduction of a second reduced VAT rate on 1 July 2011, Ireland's VAT rate structure is as follows[1]:

- **Standard rate of 21%** applies to the majority of goods and services accounting for 51% of all goods and services, including cars, petrol, diesel, alcohol, tobacco, electrical equipment and CD/DVDs. Under the EU VAT Directive, Member States may set the standard VAT rate not lower than 15% and there is political agreement that it does not exceed 25%.
- **Reduced rate of 13.5%** applies mainly to residential housing, labour intensive services and general repairs and maintenance. Member States may have up to two reduced VAT rates of not less than 5% for a specified number of goods or services which are set out in Annex III of the VAT Directive (see Appendix A).
- Member States also have the option of maintaining, at a reduced rate of not less than 12%, any items <u>not</u> listed in Annex III, provided they carried a reduced rate on 1 January 1991. These items are considered to be **parked** and Ireland's parked rate is 13.5%. Fuel used for heat or light, and commercial construction are examples of parked items. All items at the 13.5% reduced rate and parked rate account for 25% of goods and services subject to VAT.
- **New second reduced rate of 9%** applies mainly to tourism services including hotel and holiday accommodation, restaurant services, and various entertainment services. The rate was introduced as part of the Jobs Initiative and applies from 1 July 2011 until end December 2013. It accounts for around 11% of all goods and services.

[1] Ireland also applies a VAT rate of 4.8% but this is limited to livestock sold by VAT registered persons/firms. Unregistered farmers are also allowed to apply an addition of 5.2% to the sale price of all agricultural produces to VAT registered persons/firms. This reduces administrative burden on small farmers.

- **Zero rate** generally applies to most food, childrens' clothes and shoes, and oral medicines, and accounts for 13% of goods and services subject to VAT. While it is possible to retain the zero rating for goods and services that were in place on 1 January 1991, the zero rate cannot be applied to any new items.

4. Services provided by charities, non profit organisations and certain financial services are **exempt** from VAT, as are schools and hospitals etc. Exempt suppliers do not generally charge VAT on the services they provide and cannot reclaim VAT incurred on the goods and services they purchase.

Recent Changes to the VAT Rates

5. In Budget 2009, the standard rate was increased from 21% to 21.5%. In Budget 2010 this increase was reversed. Previously, in Budget 2001, the standard rate was reduced from 21% to 20%, but was restored to 21% in Budget 2002.

6. The reduced VAT rate of 13.5% has been in place since Budget 2003 when it was increased to that level from 12.5%. The Jobs Initiative introduced a second reduced VAT rate of 9% on a temporary basis from 1 July 2011 until end December 2013.

Commitments to Future Changes in VAT

7. The EU/IMF Programme provides for an increase in the standard VAT rate from January 2013 with the legislation to be included in the 2012 Finance Act. The Programme for Government limits the standard rate of VAT to 23%, but does not specify the timeframe for this increase.

8. The Programme for Government also provides for the exempting from VAT of service companies that export more than 90% of their output.

9. The Commission on Taxation did not propose any change to the Irish VAT rates or structure but recommended that Ireland should support amendments to the VAT Directive that would allow for the implementation of lower VAT rates for energy-efficient goods and services.

Ireland's VAT rates in comparison with EU/UK

10. As of 1 July 2011, 20 of the 27 EU Member States have a standard VAT rate of 20% or higher and the average rate standard rate in the EU is 20.7%. Nine Member States have a higher standard VAT rate than Ireland; namely Denmark, Hungary and Sweden at 25%; Romania at 24%; Portugal, Greece, Finland and Poland at 23% and Latvia at 22%. This means that Ireland has the joint 10th highest standard VAT rate along with Belgium and Lithuania, at 21%. A further 8 Member States have a rate of 20%. Appendix B provides details of VAT Rates applying in the EU Member States.

11. The trend among EU Member States has been to increase VAT rates as a means of covering the budgetary shortfall generated by the economic downturn. Nineteen of the 27 Member States have increased their VAT rates over the last 4 years with 14 Member States making an increase in their standard rate alone. Of the remaining Member States, two of these already had in place a maximum standard rate of 25%. VAT increases continue to be considered; Italy recently agreed a 1% increase in their standard rate to 21%, while Cyprus are proposing a 2% standard VAT rate increase. The Czech Republic are seeking to merge their reduced and standard VAT rates.

12. At 13.5%, Ireland has the second highest reduced VAT rate in Europe after Hungary, however we apply reduced rates to an extensive range of goods and services, relative to other Member States. In addition, Ireland, along with the UK, is unique among Member States in applying a zero rate of VAT to a sizable proportion of economic activity. In contrast, for example, Denmark's 25% standard rate applies to most goods and services in the State as they do not have any other VAT rates in place.

13. As regards the VAT differenential between Ireland and the UK, this was a significant issue throughout 2009 as there had been 6.5 percentage points between the Irish standard rate of 21.5% and the UK rate of 15%. However, the Irish rate returned to 21% in January 2010 and the UK rate increased to 20% by 4 January 2011, reducing the VAT differential to only 1 percentage point. In the context of reduced rates, the UK have a 5% rate while Ireland operates rates of 9% and 13.5%. However, Ireland applies reduced rates to a higher proportion of goods and services than the UK.

Options for changes to VAT Structure and Rates

14. Taking into consideration the commitments made in the Programme for Government and the EU/IMF Programme, the following are four options for reform of the VAT rating structure that could be considered.

Option 1: Increasing the VAT rates

15. The illustrative effect of increasing the 9%, 13.5% reduced VAT rates and the standard VAT rate by 1%, including their inflationary impact, is outlined in the following table. These figures would be lower in the first year because of the pattern of payments.

Rate	1% increase	CPI effect*
9% Reduced rate	+ €75m	+ 0.1%
13.5% Reduced rate**	+ €160m	+ 0.13%
21% Standard rate	+ €335m	+ 0.36%

* Where passed on in full to the customer.
** The 13.5% reduced-rate costing includes parked-rate items.

16. As noted earlier, commitments made under the EU/IMF Programme and the Programme for Government provide for a 2% increase in the standard VAT rate to 23%. Under current estimates, such an increase would yield €670 million in a full year and increase inflation by 0.72%.

17. Experience has shown that when a VAT rate is increased, some retailers use this opportunity to further increase prices above Budget day increase, which would add to the effect on inflation. Increases in indirect taxes (like all taxes) can also act as a motivation for shadow economy activity and the creation of VAT avoidance schemes.

18. With regard to the goods and services applying at a reduced rate in Ireland, EU law provides that some of these can only apply at a rate of 12% or more (parked) while others may apply at a 5% rate or more. Appendix C provides a summary of those items to which a rate of 5% or more may apply (where they are currently charged at the 9% or 13.5% rates) and those items to which a rate of 12% or more may apply (where they are currently charged at the 13.5% rate).

Option 2: Moving Zero Rated items to the Higher Rates

19. Under EU rules we can retain the zero rating of items which were zero rated on 1 January 1991 but cannot introduce any new items to the zero rate. Ireland's zero rate applies in the main to most foods, children's clothes and shoes, books and oral medicines. With the exception of children's clothes and shoes, which would have to be standard rated at 21%, the remainder of the zero rated items could be subject to the existing 9% or 13.5% reduced rates. The yield to the Exchequer from moving the zero rated items to the 9% rate would be in the region of €800m and increase inflation by 1%, while moving them to the 13.5% rate would yield in the region of €1.16 billion and increase CPI by 1.51%. Applying the standard VAT rate to all items currently at the zero rate would yield €1.74 billion and increase inflation by 2.36%. However, once moved, it would not be possible to revert them back to the zero rate.

20. Applying a reduced or the standard VAT rate to those items currently subject to the zero rate (food, oral medicines and children's clothes and shoes) would fall disproportionately on the less well off, by increasing inflation by between 1.51% and 2.36%.

Option 3: Restructuring the VAT system on a Revenue-Neutral Basis

21. It is possible to restructure the VAT system on a revenue neutral basis. If the VAT system was to be restructured on this basis so that all goods and services currently subject to VAT at the zero, 9%, 13.5% and 21% rates were at a single rate this would imply a rate on all goods and services of 15.6%. Such a change would result in a CPI decrease of 0.47%.

22. It would also be possible to restructure the VAT system on a revenue neutral basis leaving aside items currently at the zero rate. If the VAT system were to be restructured in such a manner the VAT rate for goods and services currently subject to the 9%, 13.5% and 21% VAT rates would be re-aligned to a rate of 17.9% which would effect a CPI decrease of -0.52%.

23. It is argued that restructuring the VAT system would be more user-friendly and to an extent more equitable. However, re-aligning the VAT rate structure into just one rate would be regressive, giving rise to increases in the cost of most foods and reductions in more expensive items such as cars, auto fuel, alcohol, cigarettes, etc.

24. Even where the zero rate is retained and only the other rates are re-aligned, this would affect most services, and would, for example, increase VAT on domestic fuels which would fall disproportionately on the less well off. It should be noted that the structure of the VAT system in Ireland is somewhat unique in that we apply a reduced rate of VAT to a high proportion (36%) of goods and services. Furthermore, a policy change in relation to items at the zero and parked rates would not be possible to reverse.

Option 4: Applying a Reduced VAT Rate to all items listed in Annex III

25. Of the goods and services listed in Annex III of the VAT Directive, some of these are subject to the reduced rates of 9% and 13.5%, while others have been retained at the standard rate. Some of the standard-rated goods and services that could be applied at a reduced rate are certain luxury foodstuffs, non-oral medicines and periodicals.

26. If the items which are currently at the standard rate but listed in Annex III were reduced from 21% to 13.5%, it would cost €114m in a full year, of which foodstuffs would account for €75m; pharmaceuticals (i.e. non oral medicines) €31m and periodicals €8m. If these items were

reduced from 21% to the new 9% rate it would cost €182m in a full year, with €120m accounting for foodstuffs; €50m for pharmaceuticals and €12m for periodicals. As Ireland now operates two reduced rates of VAT, which is the maximum allowed under the VAT Directive, it is not possible to introduce any new reduced VAT rates.

II. VAT issues at Domestic Level

27. A number of VAT issues arise at domestic level. These are mainly:

- Deductibility for Conference Expenses;
- Local Authorities Sports/Community Facilities, and
- Environmentally Friendly/Energy- Efficient Goods.

Deductibility for Conference Expenses

28. In March 2011, the EU Commission raised a query regarding Ireland's VAT deductibility on accommodation associated with attendance at business conferences, first introduced in 2007. Specifically the EU Commission maintains that, in certain circumstances, Ireland's VAT legislation is out of step with the VAT Directive by allowing such deductibility when the accommodation is bought from travel agents operating under the Travel Agents Margin Scheme (TAMS). Under TAMS, which came into effect in Ireland on 1 January 2010, travel agents charge VAT on the profit margin realised on the supply of a travel package and not on the cumulative value of the underlying elements of the package. It is only when a travel agent acts as a principal (i.e. buys in accommodation and sells it on) within TAMS rather than as an intermediary outside of TAMS that Ireland is out of step with the Directive. Therefore there will continue to be a means by which incoming conference business can avail of VAT deductibility for accommodation.

29. In a response to the EU Commission, Ireland acknowledges a need for a review of our VAT legislation in this area in order to ensure full compliance with the VAT Directive. It is intended to consult with trade representatives in the course of the review.

Local Authorities Sports/Community Facilities

30. Public bodies became in general subject to VAT on 1 July 2010 in accordance with the European Court of Justice (ECJ) ruling against Ireland in Case C-554/07. However, the supply of community and sports facilities by public bodies remains exempt from VAT subject to a Ministerial Order being made. During the 2010 Finance Bill debate the then Minister for Finance undertook to look again at the provisions, in particular in relation to the supply of community and sports facilities by public bodies, especially local authorities. This was to allow for a more complete examination of the issues, including an analysis of how the new rules might best be implemented. The continued non-taxation of public providers of community facilities has competition implications for private sports facilities providers who are required to charge VAT.

Environmentally Friendly/Energy- Efficient Goods

31. The Commission on Taxation recommended seeking at EU level an agreement for the possibility of applying a reduced rate to energy-efficient goods and services. EU VAT law does not permit reductions in VAT for environmental or other reasons, that would create a distortion of competition between similar goods or services. The EU Commission undertook a study of the possibility of using reduced VAT rates as a tool to support the climate change agenda. While Ireland expressed support for such a study, the EU Council of Finance Ministers decided in 2009 not to allow reduced VAT rates as a tool for achieving environmental policy objectives. In general it was considered that if assistance was required, providing it through direct expenditure measures was the better approach to adopt. In this context, the Jobs Initiative made provision for encouraging energy reducing services in the construction industry through the investment of an additional €30 million in 2011 in the national home retrofitting scheme.

III. VAT Developments at EU Level

Overview

32. At EU level, the following developments are of particular interest:

- Green Paper on Future of VAT;
- Proposed changes to VAT Own Resources;
- VAT on Insurance and Financial Services;
- Travel Agents Margin Scheme;
- VAT on Postal Services; and,
- VAT Cases at the European Court of Justice.

Green Paper on Future of VAT

33. In December 2010, the EU Commission published a Green Paper on the Future of VAT "*Towards a simpler, more robust and efficient VAT system*", marking the launch of a public consultation on the future of the VAT system and essentially the delivery of a simpler and more efficient system tailored to support/promote activity in the single market. The EU Commission has indicated its intention of issuing a communication by end-2011 on the outcome of the consultation. Legislative proposals to implement an enhanced VAT system are likely to emerge from early 2012.

34. The Green Paper represents the commencement of a root and branch review of the VAT system towards the achievement of a greater degree of harmonisation across the EU. The review will focus on the development of principles underpinning a VAT system suitably tailored for the single market. Other issues considered include the continued relevance of reduced VAT rates and derogations for Member States, difficulties in achieving full VAT deductibility/recovery, the reduction of compliance costs for business, enhanced fraud-proofing of the system, and modernising the administration of the VAT system by tax authorities.

35. While the Green Paper questions the need for unanimity in implementing measures, such an outcome could result in enhanced powers for the Commission and an erosion of freedoms for Member States. To date Ireland has been particularly sensitive to any potential interference in the VAT system due to our extensive range of activities under the zero/reduced rates. Previous plans by the EU Commission to significantly change the VAT system have however not been adopted by the Council, so the changes finally agreed for implementation could be more modest than those likely to be proposed by the EU Commission.

Proposed Changes to VAT Own Resources

36. In June 2011 the EU Commission published a proposal for a Council Decision on the system of Own Resources of the European Union, namely a proposal for alternative means for funding the EU Budget (Own Resources). The EU Commission's stated aim is not to increase the size of the Budget but to put it on a sounder footing and lower Member States' direct contributions. The proposed new funding mechanisms, which are designed to simplify Member States' contributions, would be a Financial Transaction Tax and a new VAT-based resource. Simultaneously, the current VAT-based resource would be abandoned. The EU Commission also proposes to simplify the existing correction mechanisms that apply to a number of Member States.

37. With regard to the new VAT Resource, the EU Commission claims that the current VAT Resources system is complex while the new Own Resource system would be more transparent and more easily understood by EU citizens and members of the EU and national parliaments. The new VAT Own Resource would reinforce harmonisation of national VAT systems, in the wake of the Green Paper on the future of VAT. By eliminating exemptions it would improve the internal market, lead to economic efficiency gains and counter fraud. The new VAT Resource would be a tax paid by final consumers, collected by Member States, who would regularly transfer a share of the standard VAT rate receipts at the rate of 1%.

38. Ireland's position is that the financing of the EU budget should be mainly based on GNI. The introduction of an additional VAT Own Resource would reduce national options and discretion over the VAT rating structure and the capacity to respond to domestic requirements. Although a VAT Own Resource may provide visibility as to EU funding, there would likely be negative reaction to any additional increase in Member States' VAT rates.

VAT on Insurance and Financial Services

39. The EU Commission presented proposals in this area late in 2007, the overall objective of which is to modernise and simplify the VAT treatment of financial and insurance services under the EU VAT Directive. Insurance and financial services are normally exempt from VAT which means that while VAT is not charged on most of these services, suppliers are not entitled to recover VAT costs incurred in the delivery of these services.

40. In addition, the need for modernisation arises as a result of the failure of the VAT Directive to keep pace with developments in the insurance/financial services sectors. This has led to inconsistent treatment of these sectors and the development by the ECJ of extensive jurisprudence on the scope of the VAT exemption. In this context, the objectives of the Commission proposals are to provide legal certainty for economic operators and tax administrations on the scope of the VAT exemption generally applying to insurance and financial services, and to reduce the impact of VAT costs embedded in the cost structures of insurance and financial services providers.

41. Discussions on these complex proposals have been ongoing since January 2008 and have proved difficult, and a number of substantial issues remain outstanding. The Hungarian Presidency maintained focus on the definition of the scope of the VAT exemption and presented a progress report to the ECOFIN Council of 20 June 2011 identifying *"four major outstanding issues of political importance"*. These include the treatment of investment funds, insurance and reinsurance contract portfolios, outsourced services within the sector, and commodity derivatives. In this regard, the potential narrowing of the existing broad exemption for investment funds in particular raises concerns for Ireland. Discussions are continuing as a priority under the Polish Presidency. Ireland's objective is to achieve an outcome which protects Ireland's attractiveness as a location for financial/insurance services.

Travel Agents Margin Scheme

42. The proposal is designed to simplify the existing special scheme for travel agents, citing inconsistency in the operation of the scheme across Member States, and the need to account for developments in the trade including the marked increase in internet sales, the reselling of travel packages among agents, and the supply of goods made in conjunction with a travel package. The travel agent margin scheme was introduced in 1977 and provides that travel agents account for VAT on the profit margin realised in the supply of a travel package. As of this year all 27 Member States operate the scheme.

43. The Spanish presidency resurrected this proposal in January 2010, after it had become deadlocked in 2003. While no progress has been made, the Polish Presidency is attempting to break the deadlock and the discussions are continuing against the background of infringement proceedings and the referral to the ECJ of 8 Member States in respect of the scope of their margin schemes which apparently extend to cover sales between travel agents. Disagreement on the dossier centres on this point. Concerns have also been raised regarding the suitability of a 2002 proposal in meeting today's needs. Ireland is opposed to extending the margin scheme to cover sales between travel agents on the basis that it would potentially damage Ireland's competitiveness in the tourism sector.

VAT on Postal Services

44. In July 2009, the Swedish Presidency raised the possibility of resuming discussions on EU Commission proposals on VAT and Postal Services initially introduced in 2003 and revised in 2004. The proposal would remove the existing VAT exemption for public postal services in favour of taxing all postal services at the standard rate, but with an option for Member States to apply a reduced rate to letters/parcels under a 10kg threshold. The proposal became deadlocked at an early stage and had last been discussed in June 2004 during the Irish Presidency.

45. In Ireland, the postal market has been progressively liberalised in accordance with the Postal Directive resulting in private operators entering certain segments of the market in direct competition with An Post, primarily courier services, which are subject to VAT even when provided by An Post. However, public postal services operated by An Post as the universal service provider remain exempt from VAT, a position we wish to protect.

46. Resuming discussions came against the background of full liberalisation of the EU postal market by 1 January 2011, as required under the Third Postal Directive. The taxing of postal services remains a sensitive issue for a number Member States and deep divisions are evident. The matter was discussed by ECOFIN in December 2009 and the Belgian Presidency held a Council working party meeting on the matter on 23 November 2010. In its subsequent report to ECOFIN on 7 December 2010, it concluded that following consideration of a number of options, the status quo i.e. maintaining the VAT exemption for ordinary postal services, seemed to be the only realistic way forward. At the working party, this option was supported by a majority of Member States, including Ireland. There have been no further developments.

VAT Cases at the European Court of Justice

47. Ireland is currently the subject of two ECJ cases in the area of VAT:

- VAT groupings, ECJ Case C85/11;
- VAT treatment of horses and greyhounds, ECJ Case C108/11.

Several other Members States are also the subject of ECJ proceedings on these issues.

48. With regard to VAT groupings, infringement proceedings were issued in September 2008 stating that Ireland was in breech of the VAT Directive by allowing holding companies to be members of a VAT group. VAT grouping arrangements allow the Revenue Commissioners to treat as a single taxable entity, two or more companies that are closely bound by financial, economic and organisational links. Such an arrangement provides for efficient and effective administration by generally removing the necessity of issuing invoices in respect of inter-group transactions. Ireland was referred to the ECJ on this matter on 24 June 2010, along with the Netherlands, Finland, Sweden, the UK, the Czech Republic and Denmark. We are currently finalising a rejoinder for issue to the ECJ.

49. Regarding the VAT treatment of horses and greyhounds, Ireland applies the livestock rate of 4.8% to all such animals except where they are sold as pets. In 2008, the EU Commission issued infringement proceedings against Ireland on the basis that it considers Ireland to be in breach of the VAT Directive in applying a reduced or super-reduced (less than the minimum 5%) to such supplies. The Commission considers the standard VAT rate to be appropriate rate. Ireland was referred to the ECJ on 24 November 2010 and we are currently finalising a rejoinder for issue to the Court. Five other member state including Austria, France, Germany, the Netherlands and Luxembourg have also been referred to the ECJ regarding their VAT treatment of horses.

October 2011

Appendix A

Annex III of the EU VAT Directive

UPDATED MAY 2009

List of Supplies of Goods and Services to which the Reduced Rates referred to in Article 98 may be applied

(1) Foodstuffs (including beverages but excluding alcoholic beverages) for human and animal consumption; live animals, seeds, plants and ingredients normally intended for use in the preparation of foodstuffs; products normally used to supplement foodstuffs or as a substitute for foodstuffs;

(2) supply of water;

(3) pharmaceutical products of a kind normally used for health care, prevention of illnesses and as treatment for medical and veterinary purposes, including products used for contraception and sanitary protection;

(4) medical equipment, aids and other appliances normally intended to alleviate or treat disability, for the exclusive personal use of the disabled, including the repair of such goods, and supply of children's car seats;

(5) transport of passengers and their accompanying luggage;

(6) supply, including on loan by libraries, of books on all physical means of support (including brochures, leaflets and similar printed matter, children's picture, drawing or colouring books, music printed or in manuscript form, maps and hydrographic or similar charts), newspapers and periodicals, other than material wholly or predominantly devoted to advertising;';

(7) admission to shows, theatres, circuses, fairs, amusement parks, concerts, museums, zoos, cinemas, exhibitions and similar cultural events and facilities;

(8) reception of radio and television broadcasting services;

(9) supply of services by writers, composers and performing artists, or of the royalties due to them;

(10) provision, construction, renovation and alteration of housing, as part of a social policy;

(10a) renovation and repairing of private dwellings, excluding materials which account for a significant part of the value of the service supplied;

(10b) window-cleaning and cleaning in private households;

(11) supply of goods and services of a kind normally intended for use in agricultural production but excluding capital goods such as machinery or buildings;

(12) accommodation provided in hotels and similar establishments, including the provision of holiday accommodation and the letting of places on camping or caravan sites;

(12a) restaurant and catering services, it being possible to exclude the supply of (alcoholic and/or non-alcoholic) beverages;

(13) admission to sporting events;

(14) use of sporting facilities;

(15) supply of goods and services by organisations recognised as being devoted to social wellbeing by Member States and engaged in welfare or social security work, in so far as those transactions are not exempt pursuant to Articles 132, 135 and 136;

(16) supply of services by undertakers and cremation services, and the supply of goods related thereto;

(17) provision of medical and dental care and thermal treatment in so far as those services are not exempt pursuant to points (b) to (e) of Article 132(1);

(18) supply of services provided in connection with street cleaning, refuse collection and waste treatment, other than the supply of such services by bodies referred to in Article 13.

(19) minor repairing of bicycles, shoes and leather goods, clothing and household linen (including mending and alteration);

(20) domestic care services such as home help and care of young, elderly, sick or disabled;

(21) hairdressing.

Appendix B

List of VAT Rates applied in EU Member States

(1 July 2011)

Member States	Zero	Super	Reduced	Standard	Parked
Belgium	0	-	6 / 12	21	12
Bulgaria	-	-	9	20	-
Czech Republic	-	-	10	20	-
Denmark	0	-	-	25	-
Germany	-	-	7	19	-
Estonia	-	-	9	20	-
Greece	-	-	6.5 / 13	23	-
Spain	-	4	8	18	-
France	-	2.1	5.5	19.6	-
Ireland	**0**	**4.8**	**9 / 13.5**	**21**	**13.5**
Italy	0	4	10	20	-
Cyprus	-	-	5 / 8	15	-
Latvia	-	-	12	22	-
Lithuania	-	-	5 / 9	21	-
Luxembourg	-	3	6 / 12	15	12
Hungary	-	-	5 / 18	25	-
Malta	0	-	5 / 7	18	-
Netherlands	-	-	6	19	-
Austria	-	-	10	20	12
Poland	-	-	5 / 8	23	-
Portugal	-	-	6 / 13	23	13
Romania	-	-	5 / 9	24	
Slovenia	-	-	8.5	20	-
Slovakia	-	-	10	20	-
Finland	0	-	9 / 13	23	-
Sweden	0	-	6 / 12	25	-
United Kingdom	0	-	5	20	-
Average			**7.3 / 9.9**	**20.7**	

Appendix C

Summary of Reduced Rated Goods and Services in Ireland

Goods and Services to which a rate of 9% applies (where a rate of 5%+ may apply)

1) catering and restaurant supplies, including vending machines and take-away food (excluding alcohol and soft drinks sold as part of the meal)
2) hotel lettings, including guesthouses, caravan parks, camping sites etc
3) cinemas, theatres, certain musical performances, museums, art gallery exhibitions
4) fairgrounds and amusement park services
5) facilities for taking part in sporting activities, including green fees charged for golf and subscriptions charged by non-member-owned golf clubs
6) printed matter e.g. newspapers, brochures, leaflets, programmes, maps, catalogues, printed music (excluding books)
7) hairdressing services.

Goods and Services to which a rate of 13.5% applies (where a rate of 5%+ may apply)

1) bakery products, excluding bread
2) residential property
3) building services related to residential property, including installation
4) routine cleaning of residential property
5) minor repairs bicycles, shoes or leather goods, clothing or household linen
6) non-oral contraceptive products
7) goods used for the agricultural production of bio-fuel
8) agricultural services
9) certain nursery or garden centre stock
10) animal insemination services and livestock semen
11) children's car safety seats
12) waste acceptance and disposal services
13) greyhound feeding stuff and live poultry and live ostriches

Goods and Services to which a rate of 13.5% applies (where a rate of 12%+ may apply (parked))

1) fuel for power and heating, coal, peat, timber, electricity, gas (other than auto LPG), heating oil
2) non-residential property
3) building services related to non-residential property, including installation
4) routine cleaning of non-residential property
5) concrete
6) tour guide services
7) short-term hiring of cars, boats, caravans, mobile homes, tents or trailer tents
8) repair and maintenance of cars, other vehicles, vessels and aircraft
9) health studio services
10) jockey services
11) photographic services including photographic prints
12) car driving instruction
13) veterinary services
14) certain works of art, antiques and literary manuscripts