

VAT rate on certain Bread Products likely to increase to 13.5%

Revenue has issued an eBrief dealing with the VAT rate applicable to Bakery Products and Food Supplements (eBrief No 70/11 dated 14th November 2011).



This eBrief seeks to clarify the zero VAT rating of bread. In summary, Irish VAT Legislation states that the zero VAT rate can only apply to bread products which contain certain ingredients and also where the product meets the 2% test i.e., where fat, sugar, bread improver do not, individually, exceed 2% of the weight of the total ingredients.

A strict application of the qualifying ingredients would affect a number of bread products resulting in the VAT rate on these products being increased from zero to 13.5%. Examples given in the eBrief of products which may not qualify for the zero VAT rate are garlic bread, onion bread and fennel bread.

We would advise anyone affected by the eBrief to assess the impact of the rate change on their business.

If you have any queries please do not hesitate to contact your PwC VAT advisor or alternatively

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