

VAT FOR BUSINESS CUSTOMERS

Here's what you need to know



VAT FOR BUSINESS CUSTOMERS

Our HMRC obligations

VAT for business supplies

**Domestic and charitable
non-business supplies**

Completing your VAT Declaration

Key takeaways and further help



OUR HMRC OBLIGATIONS



EDF is responsible for accurately calculating, charging and collecting the appropriate VAT and Climate Change Levy (CCL) on behalf of HMRC.



For business customers, CCL is applied automatically to electricity and gas consumption where VAT is charged at the standard rate of 20%.*



In specific cases such as residential or non-business charitable use, customers may be eligible for a reduced rate of 5% VAT. CCL isn't charged where this reduced VAT rate is applied.

*If you're eligible and simply need to apply for CCL relief for your business, [visit the HMRC website to complete your PP10 form.](#)



VAT FOR BUSINESS SUPPLIES



VAT FOR BUSINESS SUPPLIES



Unless you're a low energy user, businesses are required to pay 20% VAT and CCL on their energy bills.

The amount of VAT you pay is based on the **total amount of electricity, or the total amount of gas** you use at the address, even if you have separate accounts.

We'll check your total electricity or gas you use against HMRC's thresholds to make sure you're paying the right amount of VAT and CCL.



LOW ENERGY USERS



If your **total consumption per billing period** for either gas or electricity falls beneath the thresholds, you'll automatically pay the reduced rate of 5% VAT (and zero CCL).

The current thresholds for 5% VAT are:

- Electricity: 33 units per day
- Gas: 145 kWh per day

We call this 'de-minimis'.



BUSINESS CUSTOMERS WITH DOMESTIC OR CHARITABLE NON-BUSINESS SUPPLIES



QUALIFYING USE



If you're a business customer with the following kinds of supplies, we call this 'qualifying use':

- **Domestic use**, or
- **Charitable non-business use** (where no charge is made by the business)

If your supply qualifies for VAT relief for either of these reasons, you need to complete a VAT Declaration to benefit from reduced VAT.

SITES WITH MULTIPLE SUPPLIES



If you have **multiple supplies** at a single address that are either **domestic or charitable non-business**, you need to complete a VAT Declaration to benefit from reduced VAT.

These may include:

- residential blocks
- student accommodation blocks
- assisted living apartments

These supplies are often de-minimis but you should complete a VAT Declaration to make sure reduced VAT is always applied to your bills.

MIXED SUPPLIES QUALIFYING USE



You can only claim VAT relief for the percentage of energy used for **domestic or charitable non-business** purposes.

We recommend using the following ways to calculate the proportion of energy you use.

- Floor space
- Income-based

If the qualifying use is 60% or more, we'll automatically apply 5% VAT to 100% of the supply. However, you'll need to specify the actual qualifying percentage on your VAT Declaration.

If you're claiming for charitable purposes, be sure to include your charity commission registration number on your declaration. We may ask you for more information to support your claim calculation.

LET'S LOOK AT SOME EXAMPLES



A village hall receives income in the following ways:

- charitable funding grants
- rent from local business users
- event hire

Add up the total income gained from rent and event hire. This commercial activity is classed as business use.

Calculate the percentage of total income gained from charitable funding. This will be your qualifying usage. Enter this percentage on your VAT Declaration.



LET'S LOOK AT SOME EXAMPLES



A single supply for a small shop with living accommodation above.

You estimate 55% of the building space is taken up by the shop (business use) and 45% by domestic accommodation.

Your VAT Declaration must show the percentage of qualifying use as 45%.

You'll be charged 5% VAT (and zero CCL) on 45% of your total bill. The remaining 55% of your bill will be charged at 20% VAT.

READY TO COMPLETE YOUR VAT DECLARATION?



COMPLETING YOUR VAT DECLARATION



Complete a **separate VAT Declaration** for each of the following, listing the supplies that qualify on each form:

- Electricity
- Gas
- Domestic
- Charitable non-business

Remember to sign and date your declaration and include your percentage of qualifying usage, VAT registration number and any charity commission registration number.

Send your completed VAT Declaration to our team at VAT-CCLComplianceSection@edfenergy.com

Download VAT
Declaration



KEY TAKEAWAYS



Business customers with single supplies that are residential or non-business charitable? Always submit a VAT Declaration to be sure you're charged the correct VAT.



More than one non-business supply at your address? Always submit a VAT Declaration to be sure you're charged the correct VAT for domestic and charitable non-business supplies.



Single supplies with partial residential or non-business charitable use? Complete a VAT Declaration and add your qualifying percentage. We may ask you for more information to support your calculation.



What if anything changes? It's your responsibility to let us know of any changes that may affect your eligibility for VAT relief.

FURTHER HELP

Want to find out more?

Visit our Billing and Payments page to [read about claiming VAT relief](#)

Visit the HMRC website to

[find out more about VAT on Fuel and Power](#)

Need more help?

Email our VAT experts at VAT-CCLComplianceSection@edfenergy.com or call on **0333 202 1219**

