

Ireland: temporary reduction of standard VAT rate to 21%

As of 1st September 2020, the Irish Government has introduced a reduction to the standard rate of VAT, reduced from 23% to 21%.

Why has the Irish VAT rate been reduced?

As part of the “Jobs Stimulus Plan”, the Irish government has introduced a package of tax and other measures, one of which is the temporary reduction of the Irish standard rate of VAT. This is intended to help Irish businesses during the COVID-19 pandemic.

How long will the reduced rate be in force?

This is a temporary reduction ending on 28th February 2021, after which the previous rate of 23% will be re-introduced.

What does this mean for Irish VAT-registered businesses issuing invoices?

The reduction will affect all supplies made at the standard rate of VAT in Ireland, between 1st September 2020 and 28th February 2021.

It will also affect calculations of reverse charge VAT and EC acquisitions VAT, which must also now be calculated at 21%, not 23%.

How will this affect VAT on purchases?

VAT invoices issued by suppliers should also be issued using the revised VAT rate of 21%, for any supplies made between 1st September 2020 and 28th February 2021. If you receive any invoices with a tax point falling within the period stated above, that still carry the standard rate of VAT at 23%, you will need to contact the supplier and request that any such invoices be re-issued with the correct, revised VAT rate of 21%.

Verfides will continue to keep you updated with any developments. In the meantime, please do not hesitate to speak to your usual Verfides advisor for further assistance, or email or call the Tax Team: tax_team@verfides.com; call +44 20 7930 7111.