

## Keeping you informed about the changes to VAT

The Pre-Budget Report delivered by the Chancellor on 24 November 2008 announced a temporary reduction in the standard rate of VAT to 15% from 1 December 2008. In the 2009 budget, the Chancellor confirmed that the standard rate of VAT would be returned to 17.5% on 1st January 2010.

As a result our business customers will soon see VAT charged at the rate of 17.5% on their npower energy bills.

**Remember**, domestic customers will continue to pay VAT at 5% on their energy bills - this hasn't changed.

### Electricity and Gas

The standard VAT rate will return to 17.5% for any electricity or gas consumed on and after the 1 January 2010. When consumption detailed on a business customer's bill crosses a VAT rate change the consumption will be time apportioned pre and post the VAT rate change and the appropriate VAT rate applied to each portion of the bill based on this calculation. This means that two standard VAT rates will be shown on the business customer's bill.

HMRC is aware of our intended approach as set out above and has confirmed its validity.

For further information about VAT Rate Changes go to the HMRC website:

**[www.hmrc.gov.uk](http://www.hmrc.gov.uk)**

**We'll keep you updated on events impacting VAT and any other elements of your bill, but if you have any questions, please call us - we'll be happy to help**