

Guidance on the reduced rate of VAT as part of the Great British Summer Savings package

The Chancellor announced on 21st May that a reduced rate of 5% VAT would be applied to a range of products as part of the [“Great British Summer Savings”](#) campaign. It covers:

- *certain supplies of children’s meals*
- *children’s admission to theatres, cinemas, concerts, exhibitions and shows*
- *all admission tickets to certain attractions suitable for families with children*

*The reduced rate will apply **from 25 June 2026 to 1 September 2026 (inclusive)**.*

This briefing paper attempts to provide insight to hospitality and tourism businesses on how this will operate and answer a number of questions that have been posed. This is not legal or tax advice and is based on [HMRC guidance](#). [Legislation](#) to enact the change was published on 3rd June, with a [tax information note](#) also soon to be published. **Text below in italics is a verbatim extract from the guidance.**

1. General principles

The reduced rate of VAT will apply at the point of taking up the good or service, not at the point of booking. For example, if the booking is made before 25th June, for the eligible period, a 5% VAT rate will apply. Conversely, if the booking is made in the eligible period, for after 1st September, then it will not be eligible for the reduced rate.

Goods and services that are currently exempt from VAT are unaffected by these changes.

Questions

If someone has pre-paid for a meal or an attraction in the eligible period, should I provide a refund based on the reduced rate?

Where supplies are paid for in advance, businesses may opt to apply the lower rate of VAT on the supply in keeping with the existing change of rate provisions. This will apply to all prepayments, including those which may have taken place in advance of the announcement.

Where businesses have already accounted for VAT at the standard rate and subsequently choose to apply the lower rate, they should make the necessary

adjustments in their VAT accounts. The Government would expect that where a customer has prepaid that they would be refunded for any additional VAT paid.

Am I obliged to provide a refund for pre-bookings? And in what form?

We do not believe there is a legal requirement to provide a refund for pre-bookings though Government has clearly set an expectation that the difference in VAT will be refunded. Businesses could choose to remit the refund directly but we also believe there may be other options, such as providing vouchers for future use, for example.

Can refunds be given as free gifts if they have been pre-booked? ie 'free ice-cream' for under 18s?

As it stands, there is no compulsion to provide refunds but Government has stated they expect them to be provided. Given this position, we believe the business, should they wish to do so, could provide refunds in various formats.

If it is in the qualifying period - do we refund as they are paying e.g. booking July 1st for July 5th - they pay in advance but it is not consumed until the 5th Are they receiving the reduced price when paying or are they getting a separate vat refund once they have 'consumed' the product?

This is for you as a business to decide. You can change your prices for pre-bookings now to reflect the reduced VAT rates now to reduce the number of refunds that need to be provided. As long as the 5% VAT rate is applied for the eligible goods and services when consumer between 25th June and 1st September, then you are compliant.

Should I adjust my pricing now to reflect the lower rate of VAT for pre-bookings?

You can adjust your pricing (or not) now that the legislation has been laid but there is no requirement to do so, and it is important that the correct VAT rate is reflected for the given period. The sooner this is done, the fewer refunds you will need to give.

What happens where the reduced rate product is sold as part of a package?

Where admission, meals or tickets are supplied together with other goods or services for a single price, businesses should continue to apply normal VAT rules to determine the correct liability.

Only the part of the supply that falls within the descriptions covered by this brief may be eligible for the reduced rate. Other elements should be treated according to their normal VAT liability.

Does my business have to apply the reduced rate or is this optional?

Businesses are obliged to levy the correct rate of VAT, so the reduced rate must be applied to eligible products and activities.

2. Children's meals

To qualify as a children's meals, both of the following conditions must be met.

- *the meal is held out for sale only as a meal for children*
- *the meal is supplied as part of catering services by a restaurant, café or similar establishment for consumption on the premises*

The first point relates to the marketing, presentation and price of the meal, rather than the age of the customer.

There are specific exemptions, as follows:

- *meals marketed as smaller portions*
- *lower-calorie options*
- *discounted versions of adult meals*
- *shared meals intended for both adults and children*

Where a dish is on both an adult and children's menu, the products would *normally* vary in terms of both size and price, not simply just price.

Where a meal is served as part of a package, such as a three-course children's menu, or an inclusive dessert with a main course, this would all qualify for the reduced rate. If, however, they are *[o]ptional items, add-ons or upgrades priced separately* then they will be subject to the full VAT rate.

Questions

What constitutes a meal? Would a kids' dessert qualify if it meets the above criteria? What about a soup as a starter?

We have not had confirmation of the scope of a meal. However, one of the examples in the guidance suggests that drinks and desserts, where being charged as an optional extra AND being on the children's menu *may also benefit from the reduced rate*.

Do drinks count?

Drinks will be rated at 5% VAT where they are part of a package, and may attract a lower rate if purchased separately. See answer above. *Meals that include an alcoholic drink will not be regarded as a children's meal.*

What happens if an adult buys from the children's menu, would this attract the lower rate of VAT?

The guidance is clear that the reduced rate of VAT applies to the product rather than the customer. As a business, you are still entitled to insist that children's meals cannot be purchased by adults.

What age is a child?

For the purposes of the reduced rate, children will be considered as under-18. This is important if a menu is marketed at e.g. "tweens", or "teens", or specifically for 16- and 17-year-olds.

Does this apply to takeaway products? Or drive-thru?

No, this only applies to food consumed on-premises.

How does this apply to a business that provides meals for consumption on- and off-premises?

We expect that businesses will ask their customers where they will be consuming their meal as they would currently do.

Can I adjust my menu to provide greater value for my customers?

Yes, businesses are able to change their menus to provide meals at 5% for children, provided it meets the criteria set out above.

What happens where I provide free meals for children?

The current position is that no change will apply.

How would the 5% be applied to meal inclusive packages i.e dinner, bed and breakfast?

Our understanding is that you would apply different VAT rates to different parts of the package. So, if this was specifically aimed at a child, you would apply the reduced rate to the dinner and breakfast element, and the full rate to the accommodation.

How old is a child for the purposes of this?

A child is considered under the age of 18.

We are a hotel group offering kids experiences including kids dining. Our current offer is £6 for a set 3-course menu for children. Is the expectation that we refund the 15% reduced VAT at the point of payment and consumption or the point of payment when booked in advance?

Where payment has been taken with VAT levied at 20%, Government expects that a refund is applied though this does not appear to be a legal responsibility. Once you have revised your application of VAT, then the reduced rate will be applied during the eligible period.

Also does this apply to kids' hotel stay experiences? and again these are usually prebooked and paid for? It would be very difficult to refund when someone checks in.

The reduced rate of VAT does not apply to accommodation. Where there is an experience, that includes a children's meal and/or an admission to an eligible activity, then it might be possible to apportion different VAT rates for different elements.

If the package includes a drink will VAT be 5% on the drink as well?

Yes, provided it is not an alcoholic beverage.

If a pensioner wants a meal from the young persons' menu does the VAT at 5% apply?

The reduced rate of VAT applies to the product rather than the consumer, so anyone buying off of the young persons' menu will be charged at 5% VAT.

Are you seeing operators planning to use this as a trigger for: "kids eat free", bundled family offers, price repositioning?

We understand that businesses are looking at a broad range of options, either new to their offering, or adapting their existing menus.

As a children's play centre, we sell parties which include food. Is the party price reduced or just the food?

This will depend how the party package is sold. Generally, parties have been excluded from VAT reductions. The VAT cut here is for children's food and *admissions* to eligible activities. Where a party explicitly is sold as admission and the provision of children's

meals, then this is likely to be eligible for the reduced rate. However, it is important to get the wording right and prudent to get advice from an accountant or similar.

Do you have to ask the ages of all your diners?

There is no requirement to check the age of your customers who are ordering meals targeted at children.

What if you don't have a separate menu?

The Government rules are clear that a meal needs to be marketed at a child to qualify for the reduced rate, and this is most clearly on a separate menu, or an a separate section of an existing menu.

Could you please clarify, is this mandatory for children's meals? Or optional?

It is mandatory to apply the correct rate of VAT to products, so if you have got items on the menu that fall within the scope of the reduced rate, a 5% VAT rate must be applied.

3. Admission tickets to certain attractions suitable for families with children

The reduced rate applies to charges made for a right of admission for any customers, regardless of age, to qualifying attractions that are suitable for families with children.

This includes admissions to the following:

- *amusement parks and fairs, including water parks and theme parks (excluding pay-per-ride attractions)*
- *circuses*
- *adventure parks, including outdoor adventure centres*
- *museums and similar cultural facilities, including planetariums, heritage sites, nature reserves and botanical gardens*
- *zoos, aquariums, wildlife parks and farm visitor attractions*
- *soft play centres, indoor bounce parks and indoor play facilities*
- *observation attractions, including viewing platforms, towers and observation wheels*

This only applies to the charge for the right of admission, so excludes food, merchandise and upgrades.

A season ticket, where admission is allowed outside of the eligible period is not eligible for the reduced rate of VAT, *where it is priced higher than a standard single-entry ticket*. Where repeat visits are permitted within the eligible period, then the reduced rate applies.

The reduced rate does not apply to sport, including charges for spectating and for participating in sport or physical recreation. This includes:

- *admission to sports events*
- *use of sports facilities*
- *participation in recreational sport*

Questions

Can I create a limited season ticket?

Provided that the ticket only provides admissions within the eligible period then this is permitted.

Can I provide a season ticket discount based on a single ticket purchase within the eligible period?

A season ticket that allows admission outside of the eligible period will not have a reduced rate of VAT if the price is higher than that of a single ticket. However, the single ticket will attract a reduced rate if it is in the eligible period. The business can decide how that interacts with their broader season ticket policy.

On admissions we advertise a price for an adult and a price for a child at our soft play centre. If booked together are both admissions reduced?

All admissions to attractions, regardless of age, will be levied at 5%, so the adult and child will be eligible for the reduced rate.

How would you class a driving range (which has interactive games included i.e. Top golf). Also, electronic darts games?

This remains a grey area, where it is not clear whether they are included as “indoor play facilities” or excluded as “participation in recreational sport”. We believe that Government current views these specific examples as NOT within the remit of the reduced rate.

What is the definition of a recreational sport?

This remains a grey area, and one where we are working to get further answers. This should be considered alongside the list of eligible items that Government says are the only activities that will receive the 5% VAT rate. There is some ambiguity between “*indoor play activities*” and “*recreational sport*” that is being explored.

Our current understanding is that Government is keen to keep the list limited in scope and the “*recreational sport*” non-eligibility will be wide. As we understand it, we believe that activities such as crazy golf, ten-pin bowling and swimming will be excluded.

What if I charge a fee for additional attractions?

If you charge a fee for admission to screenings, performances and certain attractions where the supplies are currently standard-rated, you only need to charge the reduced rate of VAT for admissions between 25 June 2026 and 1 September 2026.

If my business type is not included on the list of attractions, is it unlikely to be able to attract a reduced rate of VAT?

Government guidance has stated that *only* those activities are eligible for admission but there remains some ambiguity around “*indoor play activities*”. For example, would escape rooms be included under this provision?

For a hotel with a child nursery/playroom will the charge for this qualify for the 5% VAT?

This will go to the principle of the eligibility rules. You can levy a reduced rate on the activities outlined. For this purpose, if the fee is for admission to an *indoor soft play* or *indoor play facilities*, then it will be eligible.

We hire rooms to 3rd parties to hold child friendly events. Is room hire reduced?

Room hire is not eligible for the reduced rate.

4. Children’s theatre and cinema tickets

The reduced rate applies to children’s admission tickets to:

- *cinema screenings*
- *theatrical performances, shows and concerts*
- *exhibitions*

A children’s ticket is one that is held out for sale only as a right of admission for a child, based on how it is marketed, priced and presented by the supplier.

Where tickets are sold individually for different categories of customer, the reduced rate applies only to tickets that are marketed and sold as children's tickets.

Where a ticket is held out for sale as a right of admission for a family which includes one or more children, the reduced rate applies to the whole ticket, including any adult admissions included within that package.

Standalone group or multi-person tickets that are not held out for sale as family admissions do not qualify. Standalone adult admissions remain standard-rated.