HMRC - VATSC05238 - Single-Use Carrier Bags: Levy In Northern Ireland

On 8 April 2013 a levy of 5 pence was introduced on single-use carrier bags supplied in Northern Ireland. The levy was introduced under The Single Use Carrier Bags Charge Regulations (Northern Ireland) 2013 which require retailers to charge a minimum of 5 pence for each single-use carrier bag provided to customers.

On 19 January 2015 changes were introduced and from that date the levy applies to all new carrier bags with a retail price below 20p regardless of whether they are single-use or reusable and regardless of the material from which they are made.

Retailers are required to pay the ‘net proceeds’ of their charges to the Department of Environment Northern Ireland (DoENI). In cases where a retailer charges the minimum of 5 pence, the full amount must be paid to DoENI. Certain bags are currently exempt from the levy, for example, ‘bags for life’.

Where only the 5p levy is charged for a carrier bag and it is remitted in full to the Department of the Environment Northern Ireland, no VAT is due.However, where the charge exceeds 5p, then VAT is payable on the total amount where the bags are supplied by VAT registered businesses. For example, if a retailer charges 12p for a bag then VAT of 2p will be due from the retailer (12p x 1/6 = 2p).

If only the 5p levy is charged, then this amount should not be included in the DGT for any Retail Schemes. If taking the example above, 12p is charged, the bag should be treated as a standard rate good for Retail Schemes.

Previous page

Next page