



AQUAFLOW

# VAT ON WATER SERVICES

GUIDE FOR BROKERS

This guide is designed to assist you in completing the customer contract. It outlines what you will need from the customer to ensure the correct VAT rate is applied to their water services.

## FAQ?

### 1. What VAT rate applies to the services?

Clean water is rated at the standard 20% for industrial customers and 0% for non-industrial customers. Waste water and drainage are rated at 0%

### 2. Why are different types of customers charged different VAT rates on clean water services

HMRC classifies a business type as either industrial or non-industrial and applies VAT rates accordingly

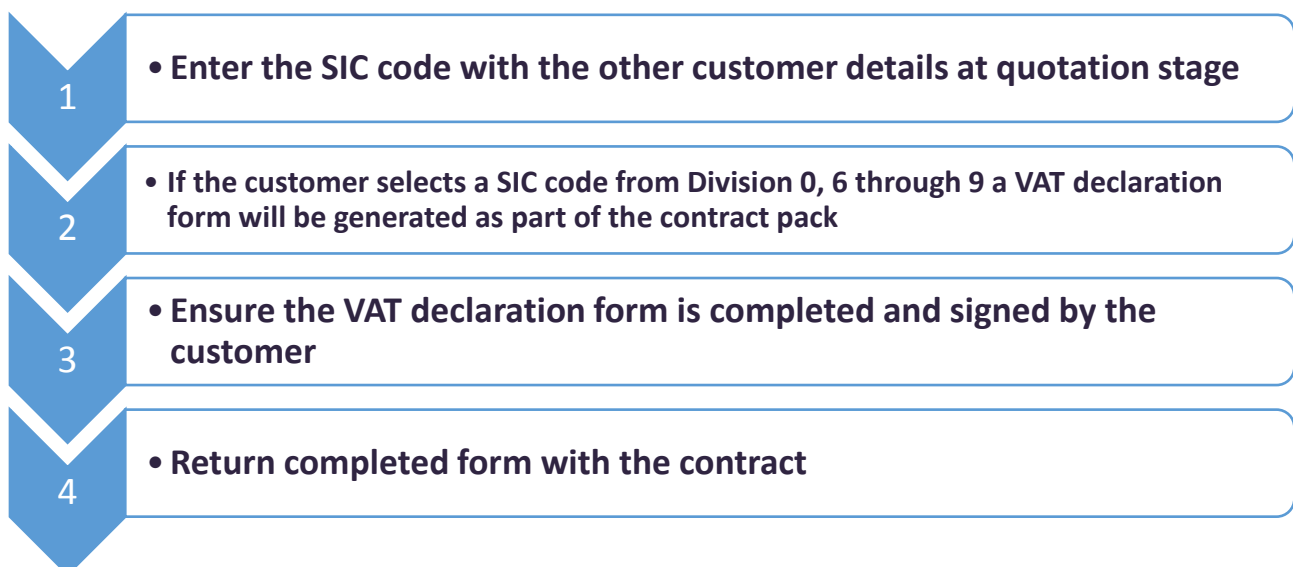
‘A “relevant industrial activity” is any activity described in any of Divisions 1 to 5 of the 1980 edition of the Standard Industrial Classification (SIC). Generally speaking these activities relate to businesses that operate in the construction, engineering, manufacturing, mining, quarrying, fuel production, power and water industries. Supplies of water to customers whose main business activity is not listed in divisions 1-5 of the 1980 SIC list are zero-rated for VAT purposes.’

HMRC internal manual - 09 March 2016

### 3. What is a SIC code?

It's a code used by HMRC to classify businesses by their economic activity. If a business has more than one activity, or has different activities at various locations, then we require the SIC code of the main activity for the business as a whole. If we do not hold a valid SIC code and signed declaration, VAT will be charged by default of 20% until one is provided.

### 4. What are my Broker responsibilities



## Standard Industrial Classification (SIC)

### Division 0 Agriculture, Forestry and Fishing

- 010 Agriculture and Horticulture
- 020 Forestry
- 030 Fishing

### Division 1 Energy and Water Supply Industries

- 111 Coal Extraction and Manufacture of Solid Fuels
- 120 Coke Ovens
- 130 Extraction of Mineral Oil and Natural Gas
- 140 Mineral Oil Processing
- 152 Nuclear Fuel Production

### Production and Distribution of Electricity, Gas and Other Forms of Energy

- 161 Production and Distribution of Electricity
- 162 Public Gas Supply
- 163 Production and Distribution of Other Forms of Energy
- 170 Water Supply Industry

### Division 2 Extraction of Minerals and Ores Other Than Fuels; Manufacture of Metals, Mineral Products and Chemicals

- 210 Extraction and Preparation of Metalliferous Ores

#### **Metal Manufacturing**

- 221 Iron and Steel Industry
- 222 Steel Tubes
- 223 Drawing, Cold Rolling and Cold Forming of Steel
- 224 Non-Ferrous Metals Industry

#### **Extraction of Minerals Not Elsewhere Specified**

- 231 Extraction of Stone, Clay, Sand and Gravel
- 233 Salt Extraction and Refining
- 239 Extraction of Other Minerals Not Elsewhere Specified

#### **Manufacture of Non-Metallic Mineral Products**

- 241 Structural Clay Products
- 242 Cement, Lime and Plaster
- 243 Building Products of Concrete, Cement or Plaster
- 244 Asbestos Goods
- 245 Working of Stone and Other Non-Metallic Minerals Not Elsewhere Specified
- 246 Abrasive Products
- 247 Glass and Glassware
- 248 Refractory and Ceramic Goods

#### **Chemical Industry**

- 251 Basic Industrial Chemicals
- 255 Paints, Varnishes and Printing Ink
- 256 Specialised Chemical Products mainly for Industrial and Agricultural Purposes
- 257 Pharmaceutical Products
- 258 Soap and Toilet Preparations
- 259 Specialised Chemical Products mainly for Household and Office use
- 260 Production of Man-Made Fibres

## Division 3 Metal Goods, Engineering and Vehicles Industries

### **Manufacture of Metal Goods Not Elsewhere Specified**

- 311 Foundries
- 312 Forging, Pressing and Stamping
- 313 Bolts, Nuts, etc; Springs; Non-Precision Chains; Metals Treatment
- 314 Metal Doors, Windows, etc.
- 316 Hand Tools and Finished Metal Goods

### **Mechanical Engineering**

- 320 Industrial Plant and Steelwork
- 321 Agricultural Machinery and Tractors
- 322 Metal-Working Machine Tools and Engineers' Tools
- 323 Textile Machinery
- 324 Machinery for the Food, Chemical and Related Industries; Process Engineering Contractors
- 325 Mining Machinery, Construction and Mechanical Handling Equipment
- 326 Mechanical Power Transmission Equipment
- 327 Machinery for the Printing, Paper, Wood, Leather, Rubber, Glass and Related Industries; Laundry and Dry Cleaning Machinery
- 328 Other Machinery and Mechanical Equipment
- 329 Ordnance, Small Arms and Ammunition
- 330 Manufacture of Office Machinery and Data Processing Equipment

### **Electrical and Electronic Engineering**

- 341 Insulated Wires and Cables
- 342 Basic Electrical Equipment
- 343 Electrical Equipment for industrial use, and Batteries and Accumulators
- 344 Telecommunication Equipment, Electrical Measuring Equipment, Electronic Capital Goods and Passive Electronic Components
- 345 Other Electronic Equipment
- 346 Domestic-Type Electric Appliances
- 347 Electric Lamps and Other Electric Lighting Equipment
- 348 Electrical Equipment Installation

### **Manufacture of Motor Vehicles and Parts thereof**

- 351 Motor Vehicles and their Engines
- 352 Motor Vehicle Bodies, Trailers and Caravans
- 353 Motor Vehicle Parts

### **Manufacture of Other Transport Equipment**

- 361 Shipbuilding and Repairing
- 362 Railway and Tramway Vehicles
- 363 Cycles and Motorcycles
- 364 Aerospace Equipment Manufacturing and Repairing
- 365 Other Vehicles

### **Instrument Engineering**

- 371 Measuring, Checking and Precision Instruments and Apparatus
- 372 Medical and Surgical Equipment and Orthopaedic Appliances
- 373 Optical Precision Instruments and Photographic Equipment
- 374 Clocks, Watches and Other Timing Devices

## Division 4 Other Manufacturing Industries

### **Food, Drink and Tobacco Manufacturing Industries**

411 Organic Oils and Fats (Other than Crude Animal Fats)

412 Slaughtering of Animals and Production of Meat and By-Products

413 Preparation of Milk and Milk Products

414 Processing of Fruit and Vegetables

415 Fish Processing

416 Grain Milling

418 Starch

419 Bread, Biscuits and Flour Confectionery

420 Sugar and Sugar By-Products

421 Ice Cream, Cocoa, Chocolate and Sugar Confectionery

422 Animal Feeding Stuffs

423 Miscellaneous Foods

424 Spirit Distilling and Compounding

426 Wines, Ciders and Perry

427 Brewing and Malting

428 Soft Drinks

429 Tobacco Industry

### **Textile Industry**

431 Woollen and Worsted Industry

432 Cotton and Silk Industries

433 Throwing, Texturing, etc. of Continuous Filament Yarn

434 Spinning and Weaving of Flax, Hemp and Ramie

435 Jute and Polypropylene Yarns and Fabrics

436 Hosiery and Other Knitted Goods

437 Textile Finishing

438 Carpets and Other Textile Floor Coverings

439 Miscellaneous Textiles

### **Manufacture of Leather and Leather Goods**

441 Leather (Tanning and Dressing) and Fellmongery

442 Leather Goods

### **Footwear and Clothing Industries**

451 Footwear

453 Clothing, Hats and Gloves

455 Household Textiles and Other Made up Textiles

456 Fur Goods

### **Timber and Wooden Furniture Industries**

461 Sawmilling, Planing, etc. of Wood

462 Manufacture of Semi-Finished Wood Products and Further Processing and Treatment of Wood

463 Builders' Carpentry and Joinery

464 Wooden Containers

465 Other Wooden Articles (Except Furniture)

466 Articles of Cork and Plaiting Materials, Brushes and Brooms

467 Wooden and Upholstered Furniture and Shop and Office Fittings

### **Manufacture of Paper, Paper Products, Printing and Publishing**

471 Pulp, Paper and Board

472 Conversion of Paper and Board

475 Printing and Publishing

### **Processing of Rubber and Plastics**

481 Rubber Products

482 Retreading and Specialist Repairing of Rubber Tyres

483 Processing of Plastics

### **Other Manufacturing Industries**

491 Jewellery and Coins

492 Musical Instruments

493 Photographic and Cinematographic Processing Laboratories

494 Toys and Sports Goods

495 Miscellaneous Manufacturing Industries

## Division 5 Construction

### **Construction**

500 General Construction and Demolition Work

501 Construction and Repair of Buildings

502 Civil Engineering

503 Installation of Fixtures and Fittings

504 Building Completion Work

## Division 6 Distribution, Hotels, Catering and Repairs

### **Wholesale Distribution (Except Dealing In Scrap and Waste Materials)**

611 Wholesale Distribution of Agricultural Raw Materials, Live Animals, Textile Raw Materials and Semi-Manufactures

612 Wholesale Distribution of Fuels, Ores, Metals and Industrial Materials

613 Wholesale Distribution of Timber and Building Materials

614 Wholesale Distribution of Machinery, Industrial Equipment and Vehicles

615 Wholesale Distribution of Household Goods, Hardware and Ironmongery

616 Wholesale Distribution of Textiles, Clothing, Footwear and Leather Goods

617 Wholesale Distribution of Food, Drink and Tobacco

618 Wholesale Distribution of Pharmaceutical, Medical and other Chemists' Good

619 Other Wholesale Distribution Including General Wholesalers

### **Dealing in Scrap and Waste Materials**

621 Dealing in Scrap Metals

622 Dealing in Other Scrap Materials or General Dealers

630 Commission Agents

### **Retail Distribution**

641 Food Retailing

642 Confectioners, Tobacconists and Newsagents; Off-Licences

643 Dispensing and Other Chemists

645 Retail Distribution of Clothing

646 Retail Distribution of Footwear and Leather Goods

647 Retail Distribution of Furnishing Fabrics and Household Textiles

648 Retail Distribution of Household Goods, Hardware and Ironmongery

651 Retail Distribution of Motor Vehicles and Parts

652 Filling Stations (Motor Fuel and Lubricants)

653 Retail Distribution of Books, Stationery and Office Supplies

654 Other Specialised Retail Distribution (Non-Food)

656 Mixed Retail Businesses

### **Hotels and Catering**

661 Restaurants, Snack Bars, Cafes and Other Eating Places

662 Public Houses and Bars

663 Night Clubs and Licensed Clubs

664 Canteens and Messes

665 Hotel Trade

667 Other Tourist or Short-Stay Accommodation

### **Repair of Consumer Goods and Vehicles**

671 Repair and Servicing of Motor Vehicles

672 Repair of Footwear and Leather Goods

673 Repair of Other Consumer Goods

## **Division 7 Transport and Communication**

710 Railways

### **Other Inland Transport**

721 Scheduled Road Passenger Transport and Urban Railways

722 Other Road Passenger Transport

723 Road Haulage

726 Transport Not Elsewhere Specified

740 Sea Transport

750 Air Transport

### **Supporting Services to Transport**

761 Supporting Services to Inland Transport

763 Supporting Services to Sea Transport

764 Supporting Services to Air Transport

770 Miscellaneous Transport Services and Storage Not Elsewhere Specified

790 Postal Services and Telecommunications

## **Division 8 Banking, Finance, Insurance, Business Services and Leasing**

### **Banking And Finance**

814 Banking and Bill-Discounting

815 Other Financial Institutions

820 Insurance, Except for Compulsory Social Security

### **Business Services**

831 Activities Auxiliary to Banking and Finance

832 Activities Auxiliary to Insurance

834 House and Estate Agents

835 Legal Services

836 Accountants, Auditors and Tax Experts

837 Professional and Technical Services Not Elsewhere Specified

838 Advertising

839 Business Services

### **Renting of Movable**

841 Hiring Out Agricultural and Horticultural Equipment

842 Hiring Out Construction Machinery and Equipment

843 Hiring Out Office Machinery and Furniture

846 Hiring Out Consumer Goods

848 Hiring Out Transport Equipment

849 Hiring Out Other Movable

850 Owning and Dealing in Real Estate

## **Division 9 Other Services**

### **Public Administration, National Defence and Compulsory Social Security**

911 National and Local Government Services Not Elsewhere Specified

912 Justice

913 Police

914 Fire Services

915 National Defence

919 Social Security

### **Sanitary Services**

921 Refuse Disposal, Sanitation and Similar Services

923 Cleaning Services

### **Education**

931 Higher Education

932 School Education (Nursery, Primary and Secondary)

933 Education Not Elsewhere Specified and Vocational Training

936 Driving and Flying Schools

940 Research and Development

### **Medical and Other Health Services: Veterinary Services**

951 Hospitals, Nursing Homes etc.

952 Other Medical Care Institutions

953 Medical Practices

954 Dental Practices

955 Agency and Private Midwives, Nurses, etc.

956 Veterinary Practices and Animal Hospitals

### **Other Services Provided to the General Public**

961 Social Welfare, Charitable and Community Services

963 Trade Unions, Business and Professional Associations

966 Religious Organisations and Similar Associations

969 Tourist Offices and Other Community Services

### **Recreational Services and Other Cultural Services**

971 Film Production, Distribution and Exhibition

974 Radio and Television Services, Theatres, etc.

976 Authors, Music Composers and Other Own Account Artists Not Elsewhere Specified

977 Libraries, Museums, Art Galleries, etc.

979 Sport and Other Recreational Services

### **Personal Services**

981 Laundries, Dyers and Dry Cleaners

982 Hairdressing and Beauty Parlours

989 Personal Services Not Elsewhere Specified

990 Domestic Services

000 Diplomatic Representation, International Organisations, Allied Armed Forces