Hello customer,

**Why we’re writing to you**

We’re making some changes to the VAT Flat Rate Scheme and you may be affected. It’s important that you understand these changes and what they mean for you.

**What’s changing?**

From 1 April 2017 we’re introducing an additional flat rate of 16.5%. This rate will apply to businesses in any sector, but **only** if they have limited costs. The existing flat rates will continue to be available for those flat rate businesses that don’t qualify as a limited cost business.

**What do I do next?**

There is a simple calculator available to help businesses work out whether they are a limited cost business – go to GOV.UK and search for ‘Check your VAT Flat Rate’.

If you are a limited cost business you will need to use the new rate from 1 April 2017.

Using the new rate may mean that you pay more VAT than you do now. You may wish to reconsider whether you still want to use the Flat Rate Scheme. If you’re trading below the VAT registration threshold, you may decide to deregister.

**Where to find more information**

VAT Notice 733 provides detailed guidance for Flat Rate Scheme users on GOV.UK.

Alison Walsh  
Head of Digital Support for Business and Agents

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**Stay safe online**

If you have any concerns regarding the validity of this or any emails received from HMRC go to our [Online Security pages](#).