

# VAT TE: Practical session

**NB:** *Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.*

1. VAT across the supply chain===== Calculate the VAT revenue under this supply chain with a standard rate of 15%. No exemption in this case



Farmer



Mill Factory



Bakery



Final consumer

|                        |                                                                                   |                                                                                    |                                                                                     |
|------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|                        |  |  |  |
| Sales                  | 200                                                                               | 500                                                                                | 600                                                                                 |
| VAT charged on sales   |                                                                                   |                                                                                    |                                                                                     |
| VAT reclaimed by buyer |                                                                                   |                                                                                    |                                                                                     |
| Net VAT on transaction |                                                                                   |                                                                                    |                                                                                     |

**NB:** Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.

2.1. VAT across the supply chain===== Only flour (Miller's produce) is VAT exempt and the standard VAT rate of 15% applies to the other products. What is the VAT revenue under this supply chain?



Farmer



Mill Factory



Bakery



Final consumer

|                        |     |     |     |
|------------------------|-----|-----|-----|
|                        |     |     |     |
|                        |     |     |     |
| Sales                  | 200 | 500 | 600 |
| VAT charged on sales   |     |     |     |
| VAT reclaimed by buyer |     |     |     |
| Net VAT on transaction |     |     |     |

**NB:** Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.

2.2. VAT across the supply chain===== Flour (Factory's produce) is **zero-rated**, and the standard VAT rate is 15% for all other products. What is the VAT revenue under this supply chain?



Farmer



Mill



Bakery



Final consumer

|                        |     |  |     |  |     |  |
|------------------------|-----|--|-----|--|-----|--|
|                        |     |  |     |  |     |  |
| Sales                  | 200 |  | 500 |  | 600 |  |
| VAT charged on sales   |     |  |     |  |     |  |
| VAT reclaimed by buyer |     |  |     |  |     |  |
| Net VAT on transaction |     |  |     |  |     |  |

**NB:** *Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.*

2.3. VAT across the supply chain===== Only wheat (farmer's produce) is VAT exempt and the standard VAT rate of 15% applies to all other products. What is the VAT revenue under this supply chain?



Farmer



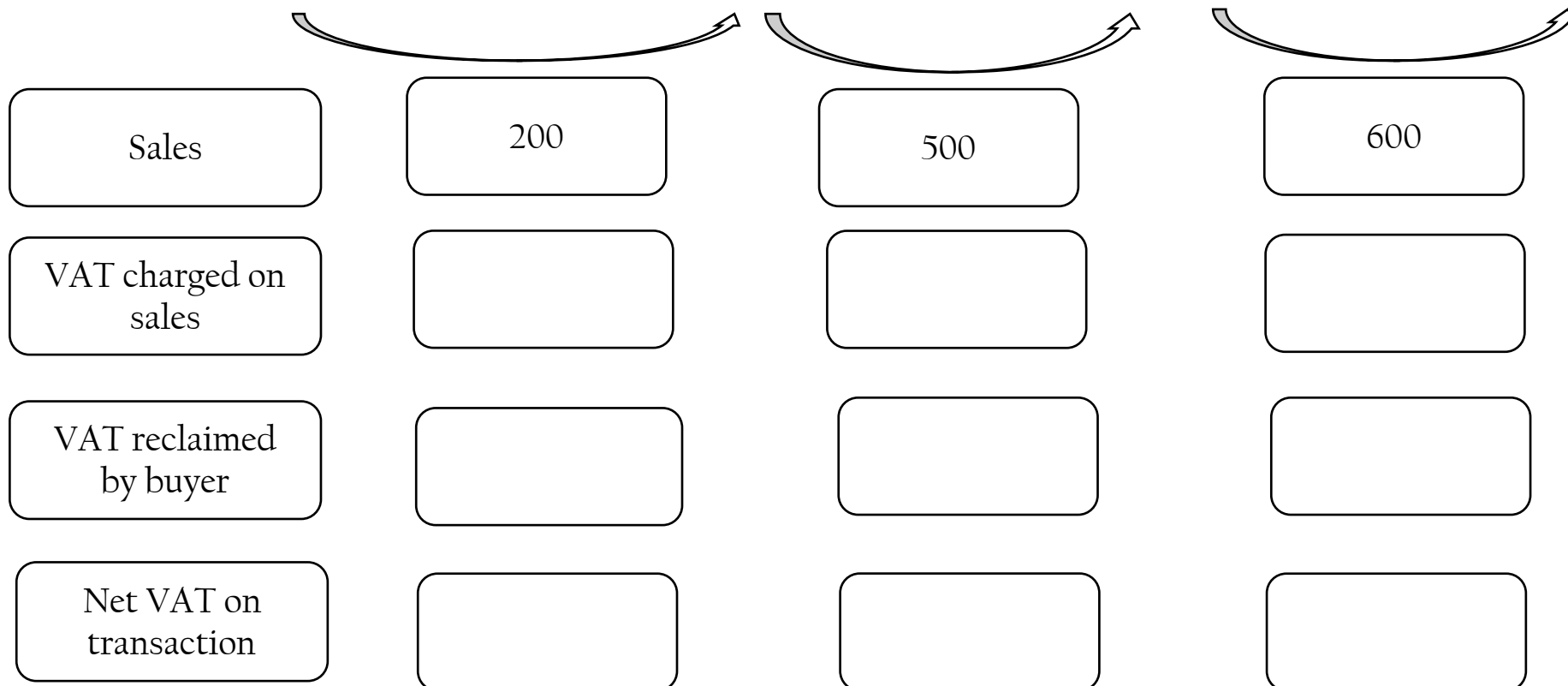
Mill



## Bakery



Final consumer



**NB:** Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.

2.4. VAT across the supply chain===== Only bread (Baker's produce) is VAT exempt and the standard VAT rate of 15% applies to all other products. What is the VAT revenue under this supply chain?



Farmer



Mill



Bakery



Final consumer

|                        |     |  |     |  |     |  |
|------------------------|-----|--|-----|--|-----|--|
|                        |     |  |     |  |     |  |
| Sales                  | 200 |  | 500 |  | 600 |  |
| VAT charged on sales   |     |  |     |  |     |  |
| VAT reclaimed by buyer |     |  |     |  |     |  |
| Net VAT on transaction |     |  |     |  |     |  |

**NB:** Prices are exclusive of VAT and assume that prices remain unchanged when a product is exempt.