

VAT rate change for hospitality services

Key practical issues to consider ahead of 1 July 2026

The VAT rate for certain hospitality services will change from 13.5% to 9% with effect from 1 July 2026. While the rate change is straightforward in principle, businesses should take proactive steps to manage practical and timing issues arising around the transition date.



Systems and EPOS

- Ensure tills, EPOS and accounting systems can apply **different VAT rates** around the transition date.
- Check how VAT determination is driven (invoice date, service date or payment date).
- Identify transactions that **span 1 July 2026**.



Pricing and margins

- Consider whether prices will be adjusted or remain unchanged.
- Review VAT inclusive pricing to assess margin impact arising from the rate change.
- Consider what, if any, customer communication may be required.



Contracts and agreed terms

- Review contracts that extend beyond 1 July 2026, with particular focus on VAT inclusive pricing and VAT change clauses.



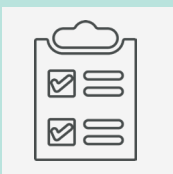
Time of supply

- The applicable VAT rate depends on the **time of supply**, not simply payment date.
- Particular attention is needed where services are supplied over time, invoiced in advance or where VAT is accounted for on the **cash receipts basis**.



Deposits and credit notes

- Consider the impact on deposits or advance payments received before 1 July 2026.
- Review credit notes issued after the rate change which relate to earlier supplies.
- Ensure consistency with original VAT treatment.



Practical next steps

- Review EPOS and accounting system readiness.
- Review pricing models and contracts and engage in customer communication as appropriate.
- Identify higher risk or more complex transactions to ensure they are carefully managed (e.g. deposits, vouchers, group bookings).
- Brief finance and operational teams on timing risks and compliance considerations.

How Forvis Mazars can help

We can support with VAT rate change readiness reviews, practical workshops and targeted advice on specific transactions or business models. Please reach out to any member of our VAT team to discuss in more detail.



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