Yonder VAT Guidance for Partner Restaurants

Purpose

This document explains how Yonder's delivery model affects VAT treatment on food orders. It is designed to help partner restaurants understand when zero-rating (0% VAT) may apply for takeaway and delivery food sold through Yonder.

1. The Basics of VAT on Takeaway Food

Under UK VAT law:
• Hot food (sold to be eaten hot, kept hot, or advertised as hot) is subject to 20% VAT.
• Cold or ambient food, not intended to be eaten hot, may be zero-rated (0% VAT).
In short — if it's meant to be eaten hot, charge VAT. If it's just warm because it was freshly cooked and not kept hot, it may qualify for 0%.

2. The Yonder Delivery Model

Yonder delivers food without using any equipment designed to keep it hot. Food is intended to arrive at ambient temperature and is not marketed or presented as "hot". This approach aligns with HMRC's guidance and relevant case law (e.g. Greggs "pasty tax"), supporting the use of zero-rating for ambient food in many cases.

3. Restaurant Responsibilities

Each partner restaurant remains responsible for correctly applying VAT. To help ensure zero-rating eligibility:
■ Review your menu items and identify which qualify for zero-rating.
■ Avoid describing items as "hot", "piping hot", or "served hot".
■ Use neutral or quality-focused wording — e.g. "freshly prepared", "insulated for freshness".
■ Do not use heat-retaining packaging (like foil containers) unless VAT is being charged.
■ Keep records or accounting notes to justify VAT treatment.

4. Use of Thermal Bags

Yonder permits the use of thermal bags purely to maintain freshness and food quality, not to keep meals hot for consumption. To remain within zero-rating rules:
• Thermal bags are used for insulation, not heating.
• Food should not be stored in warming units before driver collection.
• Drivers are instructed to deliver promptly, not to keep food hot.
• Marketing should avoid any reference to food "heat" or "temperature".
■ Example statement for menus or websites:
"Insulated for freshness — not guaranteed to arrive hot."

5. Why It Matters

Because Yonder's model does not involve keeping food hot, many partner restaurants can zero-rate their food sales, meaning:

- You retain an extra 3–5% compared to platforms that require VAT on hot deliveries.
- Your prices stay competitive without reducing your margin.

6. Disclaimer

This policy is for guidance only. It is not legal or tax advice. Restaurants should always consult a qualified accountant or VAT advisor to confirm how VAT applies to their specific menu and operations.

7. Key References

- HMRC VAT Notice 709/1: Catering and Takeaway Food
- Greggs plc v HMRC (Pasty Tax Case)
- Supermarket Rotisserie Chicken Case (Zero-Rated Warm Food)

Questions or need help?

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