EXPLANATORY MEMORANDUM TO

THE VALUE ADDED TAX (REDUCED RATE) (HOSPITALITY AND TOURISM) ORDER 2026

2026 No. 576

1. Introduction

1.1 This Explanatory Memorandum has been prepared by His Majesty's Revenue and Customs (HMRC) on behalf of His Majesty's Treasury and is laid before the House of Commons by Command of His Majesty.

2. Declaration

2.1 Dan Tomlinson MP, Exchequer Secretary to the Treasury confirms that this Explanatory Memorandum meets the required standard.

2.2 Daniel Taylor, Deputy Director for VAT Reliefs, Insurance and Financial Services, at HMRC confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Dan Sweeney at HMRC can be contacted by email at the following address with any queries regarding the instrument: daniel.sweeney1@hmrc.gov.uk Alternatively, the department can be contacted by telephone: 0300 200 3700.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument introduces a temporary reduced rate of value added tax (VAT) of 5% on specified supplies in the hospitality and family attractions sectors. The reduced rate applies to qualifying supplies of children's meals for consumption on the premises and to certain supplies of rights of admission to shows and attractions. The measure has effect for a limited period beginning on 25 June 2026 and ending on 1 September 2026 and is intended to reduce the cost of leisure and hospitality activities for families with children during the school summer holidays.

4.2 For shows, exhibitions, theatres, concerts and cinemas, the reduced rate applies only where the admission is held out for sale only as a child admission or as a family admission which includes one or more children.

4.3 It also applies to all admissions to circuses, fairs, amusement parks, adventure parks, soft-play centres, zoos, observation attractions, farm visitor attractions and nature reserves.

4.4 The reduced rate also applies to admission to museums and other similar cultural facilities.

4.5 The reduced rate applies only to supplies made between 25 June and 1 September 2026 and replaces the standard rate of VAT for those supplies during that period. Supplies which are already exempt from VAT will remain exempt.

Where does the legislation extend to, and apply?

4.6 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.7 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. Policy Context

What is being done and why?

5.1 The instrument implements a temporary reduction in the rate of VAT for specified supplies in the hospitality and family attractions sectors during the school summer holidays. The Government has chosen to target children's meals supplied in the course of catering, and specified admissions to shows and attractions, in order to reduce the cost of leisure and hospitality activities commonly used by families with children during the summer period.

5.2 In relation to children's meals, the measure applies where food is supplied for consumption on the premises as part of a children's meal held out for sale only as a meal for a child. For these purposes, "food" includes drink. The application of Note (3A) to Group 1 of Schedule 8 to the Value Added Tax Act 1994 applies to define what is meant by consumption on the premises.

5.3 In relation to admissions, the measure applies to supplies of rights of admission to shows, exhibitions, theatres, concerts and cinemas only where the admission is held out for sale only for a child or only for a family including one or more children. It also applies to supplies of rights of admission to the other attractions listed in new Group 18. All such supplies are subject to the exclusions and conditions set out in the notes. Where a supply of a right of admission qualifies for exemption under items 1 or 2 of Group 13 of Schedule 9 to the Value Added Tax Act 1994, that exemption takes precedence and the supply does not qualify for the reduced rate under this instrument.

5.4 Eligibility is determined by the nature of the supply and how it is held out for sale, rather than by the characteristics of the individual customer. The measure does not affect supplies that are already exempt from VAT.

5.5 Changes to VAT rates and liabilities are made by modifying Schedule 7A to the Value Added Tax Act 1994 to insert new Groups 17 and 18.

What was the previous policy, how is this different?

5.6 Under the existing VAT rules, supplies of children's meals in the course of catering and admissions to the events and attractions covered by this instrument are generally subject to the standard rate of VAT unless a specific exemption or zero-rate applies.

5.7 This instrument introduces a temporary reduced rate for defined categories of those supplies by modifying Schedule 7A to the Value Added Tax Act 1994 to insert new Groups 17 and 18.

5.8 New Group 17 provides for a reduced rate for supplies in the course of catering of food for consumption on the premises where that food forms part of a children's meal held out for sale only as a meal for a child.

5.9 New Group 18 provides for a reduced rate for certain admissions to shows, exhibitions, theatres, concerts and cinemas where the admission is held out for sale only as a child admission or as a qualifying family admission. It also provides for a reduced rate for admissions to specified attractions including circuses, fairs,

amusement parks, adventure parks, soft-play centres, zoos, observation attractions, farm visitor attractions and nature reserves. Admissions to museums and other similar cultural facilities are also covered by this group. Group 18 excludes admissions to sports events, sports facilities, and events or facilities for physical education or recreation, and any supplies that are exempt supplies by virtue of the existing cultural exemption in Group 13 of Schedule 9 to VATA. This distinction reflects the policy aim to target admissions most relevant to families with children: item 2 attractions are family focused attractions, whereas item 1 admissions qualify only where specifically marketed as a child or family admission. This change is time-limited and applies only to supplies within the period beginning on 25 June 2026 and ending on 1 September 2026.

6. Legislative and Legal Context

How has the law changed?

6.1 Supplies listed in Schedule 7A to the Value Added Tax Act 1994 are subject to a reduced VAT rate of 5%. This instrument temporarily extends that rate by inserting new Groups 17 and 18. The instrument modifies Schedule 7A to the Value Added Tax Act 1994 by inserting new Group 17 and new Group 18 into Part 2 and corresponding entries into the index in Part 1. Group 17 applies to supplies in the course of catering of food for consumption on the premises where the supply forms part of a children's meal held out for sale only as a meal for a child. The Group provides that "food" includes drink, and applies Note (3A) to Group 1 of Schedule 8 so that the existing provision around the definition of a premises is consistent with the rest of the zero-rate available for food. Group 17 also excludes supplies that are exempt by virtue of Item 4 in Group 6 or Item 9 in Group 7 of Schedule 9 when provided either closely related to education or provided as part of a package of care.

6.2 Group 18 applies to certain supplies of rights of admission. For shows, exhibitions, theatres, concerts and cinemas, the reduced rate applies only to rights of admission held out for sale only for a child or only for a family which includes one or more children. Group 18 also applies to admissions to circuses, fairs, amusement parks, adventure parks, soft-play centres, zoos, observation attractions, farm visitor attractions and nature reserves, and to museums and other similar cultural facilities, subject to the limits set out in the notes. Group 18 excludes admissions to sports events, sports facilities, and events or facilities for physical education or recreation. Group 18 also excludes exempt supplies within Group 13 of Schedule 9 to the Value Added Tax Act 1994.

6.3 Only supplies of a right of admission which allow admission on a date in the period beginning on 25 June 2026 and ending on 1 September 2026 fall within the scope of the reduced rate. The exception to that is where admission to an attraction on a single date in that period additionally allows for multiple entries on dates after 1 September 2026, but the price is the same whether the right of admission is for that one date in the period or for that date and multiple later dates. The reduced rate will also apply to a supply of a right of admission for entry to multiple qualifying attractions on multiple dates, or to one attraction on multiple dates, provided it does not allow entry on any dates outside the period beginning on 25 June 2026 and ending on 1 September 2026.

Why was this approach taken to change the law?

6.4 Amending Schedule 7A to the Value Added Tax Act 1994 provides a clear and established mechanism for applying a reduced rate of VAT to defined categories of supplies for a limited period during the school summer holidays across the UK.

Section 29A of the Value Added Tax Act 1994 confers a power on the Treasury to vary Schedule 7A by adding to, deleting from, or varying the description of the supplies specified in it. This approach was considered to be the most appropriate and proportionate way to make these changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 No formal public consultation was undertaken. Given the temporary and time-limited nature of the measure, and the need to introduce it in advance of the summer holiday period, a formal consultation was not considered appropriate.

8. Applicable Guidance

8.1 Guidance has been published on GOV.UK to support businesses in applying the temporary reduced rate. This guidance explains the scope of qualifying supplies, how the reduced rate applies in practice, and how it interacts with existing VAT rules, including exemptions and established principles for determining the liability of supplies. The guidance was published on GOV.UK at the time of announcement on 21 May 2026.[1]

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A Tax Information and Impact Note covering this measure has been published on the GOV.UK website.[2]

Impact on businesses, charities and voluntary bodies

9.2 The impact on business, charities or voluntary bodies is expected to include providers in the hospitality and attractions sectors that make qualifying supplies. Affected businesses will need to identify qualifying supplies and apply the temporary reduced rate for the duration of the measure. This may involve one-off familiarisation and implementation costs, such as updating tills, pricing systems and accounting processes. Some businesses may also benefit from increased demand as a result of lower prices for consumers. No ongoing costs are expected, as the measure is temporary and uses existing VAT processes.

9.3 The legislation does impact small or micro businesses.

9.4 To minimise the impact of the requirements on small or micro businesses (employing up to 50 people), the approach taken is to design the measure so that it operates within the existing VAT framework and uses clearly defined categories of supply. Guidance was published at announcement on 21 May. Small and micro businesses making qualifying supplies may also benefit from applying the reduced rate. Small and micro businesses have not been exempted from the requirements because doing so would

[1] Guidance: HMRC, Revenue and Customs Brief 5 (2026): Temporary reduced rate of VAT for children's meals, tickets and family attractions, available at: https://www.gov.uk/government/publications/revenue-and-customs-brief-5-2026-temporary-reduced-rate-of-vat-for-childrens-meals-tickets-and-family-attractions/temporary-reduced-rate-of-vat-for-childrens-meals-tickets-and-family-attractions

[2] Tax Information and Impact Note: https://www.gov.uk/government/publications/temporary-reduced-rate-of-vat-for-childrens-meals-tickets-and-family-attractions.

undermine the policy objective and create inconsistency between suppliers making equivalent supplies.

9.5 The impact on the public sector is expected to be negligible because the instrument concerns the VAT treatment of specified supplies for a temporary period.

9.6 The measure is also expected to benefit individuals and families by reducing the VAT charged on certain children's meals and qualifying admissions during the summer holiday period, which may help lower the cost of some leisure and hospitality activities.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is through information collected in the normal course of VAT administration, alongside other available data relating to the operation of the temporary reduced rate.

10.2 The instrument does not include a statutory review clause because it relates to tax and therefore meets the requirements of the exemption in section 28(3)(a) of the Small Business, Enterprise and Employment Act 2015.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 Dan Tomlinson MP, Exchequer Secretary to the Treasury, has made the following statement regarding Human Rights:
"In my view the provisions of the Value Added Tax (Reduced Rate) (Hospitality and Tourism) Order 2026 are compatible with the Convention rights."

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").