

EXPLANATORY MEMORANDUM TO

THE VALUE ADDED TAX (WOMEN'S SANITARY PRODUCTS: REUSABLE UNDERWEAR) ORDER 2023

2023 No. 1341

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. Purpose of the instrument

- 2.1 This instrument amends the scope of the Value Added Tax (VAT) zero rate relief for Women's Sanitary Products. The purpose is to include the supply of reusable period underwear within the scope of the zero rate. The zero rate will apply from 1 January 2024.

3. Matters of special interest to Parliament

Matters of special interest to the Select Committee on Statutory Instruments

- 3.1 None.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument (that is the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.
- 4.2 The application of this instrument (that is where the instrument produces a practical effect) is the United Kingdom.

5. European Convention on Human Rights

- 5.1 The Financial Secretary to the Treasury, Nigel Huddleston MP, has made the following statement regarding Human Rights:

“In my view the provisions of the Value Added Tax (Women's Sanitary Products: Reusable Underwear) Order 2023 are compatible with the Convention Rights.”

6. Legislative Context

- 6.1 At Autumn Statement 2023, the government announced that it would extend the VAT zero rate for Women's Sanitary Products to include the supply of reusable period underwear.
- 6.2 Group 19 of Schedule 8 to the Value Added Tax Act 1994 applies the zero rate of VAT to the supply of Women's Sanitary Products. This instrument amends Group 19 to include reusable period underwear within the description of Women's Sanitary Products in Note (1).

7. Policy background

What is being done and why?

- 7.1 The current VAT legislation concerning the zero-rating of Women's Sanitary Products came into effect in January 2021. The provision for VAT to be zero-rated was restricted to supplies of conventional sanitary products, such as sanitary pads and tampons, and some reusable products, such as menstrual cups.
- 7.2 This instrument, which extends the scope to reusable period underwear, should help reduce the cost of period products. This is in line with the wider government objective of increasing access to such products.

8. European Union Withdrawal and Future Relationship

- 8.1 This instrument does not relate to withdrawal from the European Union or trigger the statement requirements under the European Union (Withdrawal) Act 2018.

9. Consolidation

- 9.1 This instrument does not consolidate any other instruments.

10. Consultation outcome

- 10.1 To ensure that relevant consumers benefit from the changes to the relief as soon as possible, the government has chosen to introduce this measure on 1 January 2024. While it has not been possible to consult in the time available, informal discussions have taken place with interested stakeholders. The instrument is wholly relieving in nature and businesses are likely to welcome the measure.

11. Guidance

- 11.1 The change made by this instrument will be reflected in the publication of a Revenue and Customs Brief and an update to HMRC VAT guidance, in the form of Public Notice 701/18 ([Women's sanitary products \(VAT Notice 701/18\) - GOV.UK \(www.gov.uk\)](#)) and Manual VWSP2000 ([VWSP2000 - Women's sanitary products: Products and rates - HMRC internal manual - GOV.UK \(www.gov.uk\)](#)).

12. Impact

- 12.1 The impact on business, charities or voluntary bodies is positive and limited to those who supply or purchase reusable period underwear. These businesses or charities will no longer need to charge VAT on those supplies but will still be able to recover input tax incurred in relation to those supplies. Businesses and charities that purchase reusable period underwear will also benefit from no longer being charged VAT.
- 12.2 There is no, or no significant impact on the public sector.
- 12.3 A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

13. Regulating small business

- 13.1 The instrument applies to the activities undertaken by some small businesses that supply reusable period underwear, where these businesses are VAT registered they will no longer need to charge VAT on those supplies.

14. Monitoring & review

- 14.1 HMRC will monitor the effectiveness and application of this relief through normal audit activity and communication with affected taxpayer groups.
- 14.2 The instrument does not include a statutory review clause, as it is exempt under section 28(3)(a) of the Small Business, Enterprise and Employment Act 2015. This is because it relates to tax and the power under which this instrument is made is being exercised to make or amend provisions imposing, abolishing, or varying tax or provisions in connection with such provision.

15. Contact

- 15.1 Hina Kanwal at HMRC, email: hina.kanwal@hmrc.gov.uk, can be contacted with any queries regarding the instrument.
- 15.2 Ian Broadhurst, Deputy Director for Indirect Tax at HMRC, can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Nigel Huddleston, MP, The Financial Secretary to the Treasury, can confirm that this Explanatory Memorandum meets the required standard.