

Help Note

VAT price quotations



Regular CAP Help Notes offer guidance for non-broadcast marketing communications under The UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing (the CAP Code). For advice on the rules for TV or radio commercials, contact Clearcast www.clearcast.co.uk for TV ads or the RACC www.racc.co.uk for radio ads.

These guidelines, drawn up by the Copy Advice team, are intended to help marketers, agencies and media interpret the rules in The UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing as far as they relate to the subject discussed. They are based on previous ASA cases and neither constitute new rules nor bind the ASA Council in the event of a complaint about a marketing communication that follows them.

The Code states:

Rule 3.18

“Quoted prices must include non-optional taxes, duties, fees and charges that apply to all or most buyers. VAT-exclusive prices may be given only if all consumers to whom the claim is addressed pay no VAT or can recover VAT; marketing communications that quote VAT-exclusive prices must prominently state the amount or rate of VAT payable”; and

Rule 3.19

“If a tax, duty, fee or charge cannot be calculated in advance, for example, because it depends on the consumer’s circumstances, the marketing communication must make clear that it is excluded from the advertised price and state how it is calculated.”

The Copy Advice team offers the following advice:

1. If it is seen only by trade readers, a marketing communication may quote VAT-exclusive prices only, though the amount or rate of VAT payable should be prominently stated.
2. If the marketing communication is likely to be read both by consumers and the trade but the featured product is of interest to trade readers only, the marketer may give VAT-exclusive price, accompanied by a prominent statement of the amount or rate of VAT payable, provided that the price claim is directed exclusively at business readers able to recover VAT.
3. If the marketing communication is likely to be seen by both trade and consumer readers and the featured product might be bought by consumers, a VAT-inclusive price must be given. If the marketer wishes to give both VAT-inclusive and VAT-exclusive prices, the marketing communication must direct each price to the appropriate audience.

For example, a marketing communication may display both a VAT-inclusive and a VAT-exclusive price if the VAT-inclusive price is described as a “consumer price” and the VAT-exclusive price is described as a “trade price”. Alternatively, a marketer may be able to determine, before giving any prices, whether the potential customer is a consumer or a business customer, and ensure that potential customers see only those prices that apply to them.

4. If the marketing communication is likely to be seen only by consumers, quoted prices must include VAT.

Marketers may give VAT-exclusive prices, accompanied by a prominent statement of the amount or rate of VAT payable, as well as inclusive prices, if they make clear that consumers must pay the VAT-inclusive price

April 1996
Revised: October 1999
Revised: March 2003
Revised: July 2010
Revised: December 2011